

EUROPEAN NEWS

SIBERIAN GAS PIPELINE PROJECT

West holds Moscow talks on U.S. curbs

BY ANTHONY ROBINSON IN MOSCOW

WESTERN companies involved in the Siberia-Western Europe pipeline project will meet gas industry officials in Moscow today to review the project in the light of President Reagan's extension of export restrictions to the foreign subsidiaries and licensees of U.S. companies.

of outraged workers pledging themselves to reach new heights of hard work and creative labour, to prove the impracticability of U.S. efforts to put pressure on the Soviet Union.

The official media's champion has become the Nevsky Zavod combine in Leningrad, which, it is claimed, will soon start serial production of a new 25 Mw gas turbine. These will be more efficient than those on order from Western companies using General Electric licences.

The new turbine, code numbered the GTN-25, will be roughly the same weight as the current Soviet standard 10 Mw turbine.

It can be built in half the time and with half the labour

of the current model, which has been the mainstay of Soviet-built gas pipelines for many years, the Russians claim.

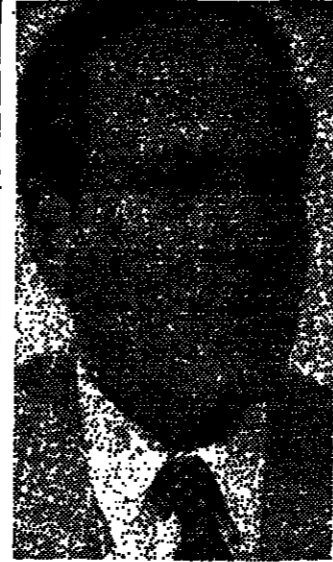
The trouble is that deep down in the small print lies the fact that only two of these machines exist, and both are experimental models being run in on the Nevsky factory test-bed.

The main problem is to get the machines into serial production at great speed and this has become the Soviet Union's industrial priority.

is technically possible, but only at the close of a major revision of the entire project. It would demand many smaller pumping stations alongside the pipeline, rather than the 40 or so pumping stations with three 25 Mw turbines each, as in the current plan.

This would strain the already overloaded gas construction industry, and probably cause delays to the other five domestic gas pipelines which will run parallel with the West European pipeline for much of its length.

This could, however, be the price the Soviet Union is willing to pay to demonstrate its political determination not to appear susceptible to Western economic pressure.



Gerasimos Arsenis

Greece's economy in new hands

By David Tonge

MR GERASSIMOS ARSENI, Greece's new economics overlord, has taken a year to live down the prophecies of gloom that he made to a closed meeting of Dr Andreas Papandreu's supporters before last October's elections.

He spelled out the problems of introducing socialism in a country suffering from stagnation and over 20 per cent inflation—and was able to buttress his arguments by citing the problems faced by the Sandinista Government in Nicaragua which he had been advising.

However, his warnings went down badly with the party faithful. They insisted that someone closer to the party line be put in charge of the economy.

Now, after eight months in office, Dr Papandreu has had to accept that Mr Arsenis was right. From being Governor of the Bank of Greece, Mr Arsenis has been given the newly-appointed post of Minister of National Economy. He recently caused a chill among Greek industrialists when he asked them why they kept demanding to know what the Government would do for them.

Vatican urged to accept Ambrosiano responsibilities

BY JAMES BUXTON IN ROME

THE ITALIAN Government is putting pressure on the Vatican to accept what it considers to be its financial responsibilities for at least part of the exposure of subsidiaries of Banco Ambrosiano. Sig Roberto Calvi, the bank's former chairman, was found dead under Blackfriars Bridge in London on June 18.

The Government has made a diplomatic approach to the Vatican and on Saturday two of the three commissioners investigating Banco Ambrosiano's affairs had a meeting with officials of the Secretariat of State, the Vatican department which deals with governments.

This followed a meeting on Friday between the commissioners and Monsignor Paul Marcinkus, the chairman of the Vatican's Bank Istituto per le Opere di Religione (IOR). This meeting was considered unsatisfactory by the commissioners, who were appointed by the Bank of Italy.

On Friday Sig Nino Andreatta, the Treasury Minister, said in Parliament: "The Government is expecting a clear acceptance of responsibility on the part of IOR, which in some operations with Banco Ambrosiano appears in the role of an effective partner."

It is alleged that IOR signed letters of patronage, though

not letters of formal guarantee, of at least part of the debt exposure of Banco Ambrosiano's foreign subsidiaries of \$1.4bn (£781m). It was a letter from the Bank of Italy demanding an explanation of this exposure which appears to have precipitated Sig Calvi's flight from Italy.

Archbishop Marcinkus is understood to have told the commissioners that though he signed the letters of patronage, he did so only in response to a special request from Sig Calvi and he received a letter from Sig Calvi absolving IOR from financial responsibility. He is understood to have shown this letter to the commissioners.

IOR is prepared to accept direct responsibility for a loan of \$250m from Banco Andino, which is an offshoot of Banco Ambrosiano in Lima, Peru, the commissioners were told. But a direct obligation of this nature remains quite distinct from the kind of arrangement suggested in the allegations against IOR over letters of patronage.

Archbishop Marcinkus is believed to have resigned from the board of Banco Ambrosiano Overseas de Nassau — another of the banks which the Bank of Italy said bore part of the \$1.4bn exposure.

Exports decline expected for Iceland's fisheries

PARIS—Exports by Iceland's fisheries industry are likely to decline this year and show little improvement in 1983, damaging prospects for overall economic growth, according to a report released yesterday.

The Organisation for Economic Co-operation and Development (OECD) said in its latest economic survey of Iceland that performance in the fisheries industry could offset possible improvements in other sectors, such as metals.

Production at Iceland's two

main smelting plants is likely to increase in 1982, after they operated below full capacity last year, and exports of metals are expected to improve.

The overall outlook is for relatively flat exports this year and a rise of 2 to 3 per cent in 1983, the OECD said. Domestic demand is expected to be sluggish this year and next and real growth in GNP may not show more than a marginal improvement in 1982 and 1983 after rising by 1½ per cent in 1981, it added.

Low French growth rate forecast

BY DAVID HOUSEGO IN PARIS

FRANCE'S rate of real economic growth is now likely to fall below 2 per cent this year, according to the influential Economic and Social Council.

The council, in which unions and employers are represented, is an important government adviser. It is the first semi-official organisation to state publicly that even a 2 per cent growth rate might be impossible to achieve as a result of the further depressing effect of the post devaluation measures.

The Government had originally estimated a 3.3 per cent growth rate for this year but the forecasts have continually been revised downwards under

Production resumed yesterday at Talbot, the French motor company, after a four-week strike which cost the company about 35,000 cars in lost output, writes Terry Dodsworth in Paris.

adverse international and domestic economic conditions. This follows growth of 0.3 per cent last year — the lowest since 1975.

The Economic and Social Council concludes that the lower growth rate will also have a depressing effect on employment — an implication that the

The end of the dispute, the third wrangle in the French motor industry this year, came after publication of an independent arbitrator's report proposing staged salary increases and changes in working practices.

Government has so far been reluctant to draw publicly.

In line with the revised forecast from the council, INSEE, the official statistics institute, finds in its latest survey of business opinion in June that industrialists see "no improvement in production in the coming months."

West German jobless rate near record post-war level

BY KEVIN DONE IN FRANKFURT

THE PROLONGED recession in the West German economy is holding unemployment rates close to record post-war levels.

Some 1.65m people were officially out of work in June, an increase of 524,588 or nearly one-third compared with the same month a year ago.

Around 6.8 per cent of the workforce was unemployed in June with the level virtually unchanged since May with an increase of 4,489.

The number of job vacancies

is still falling with a reduction in June of 2,500 to 117,741, a cut of around 50 per cent over the last year.

In addition, some 428,693 workers were on short-time working last month, 26,150 less than in May but 111,744 more than in June 1981.

Hardest hit is the construction industry which is suffering the deepest recession since the war.

Some 2,200-2,400 building companies are expected to go

bankrupt this year, according to the West German Building Industry Federation — a dramatic rise from the record 1,515 building industry failures last year.

In the first four months of this year, 800 building companies filed for bankruptcy or for protection from their creditors.

In the same period, new orders for the building industry fell by a further 10.9 per cent compared with the same period

a year ago.

According to Dr Günther Herion, federation president, building industry activity is likely to fall 78 per cent below last year's already depressed level, throwing several thousand building workers out of work.

There were no signs of an early recovery, said Dr Herion, and the best that could be hoped for 1983 would be that production might stabilise at a low level.

The sector hardest hit is

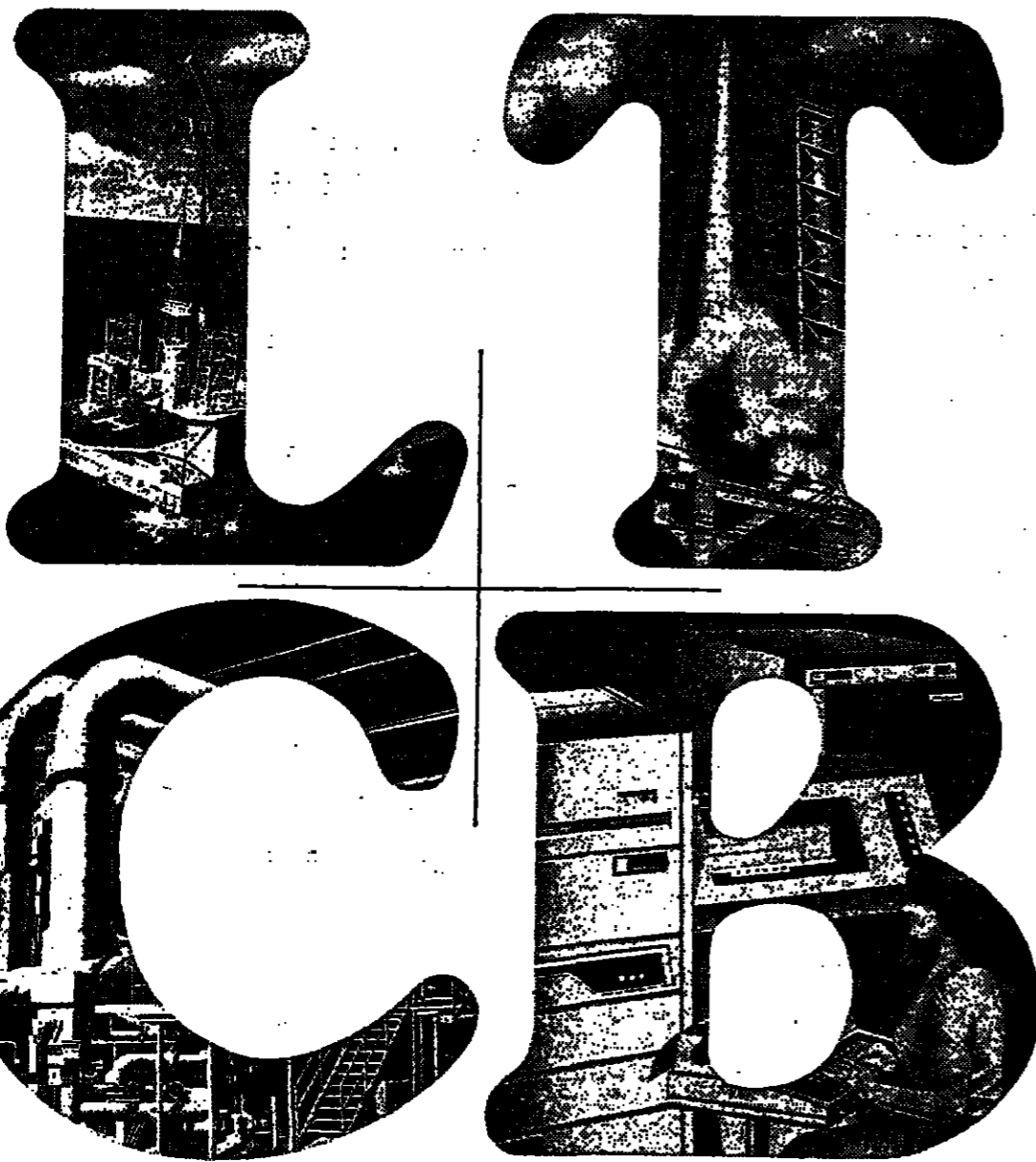
road-building because of cuts in public expenditure. Building machinery is being used at less than 50 per cent of capacity.

On a seasonally adjusted basis, unemployment in West Germany has been increasing month-by-month for more than two-and-a-half years doubling in this period to more than 1.5m.

Next winter, the jobless figure is expected to jump to more than 2m, the highest level since the early 1950s, Herr Josef Stigl, head of the Federal Labour Office said yesterday.

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Ray Dafter, Energy Editor, looks at offshore output prospects

Norway's production: doubt sets in

THE Norwegian Government has just announced a new round of offshore oil exploration licensing at a time when many in the industry are questioning whether the country will fulfil its production ambitions.

The doubts are expressed forcefully in a report published this week by North Sea oil analysts at stockbrokers Wood, Mackenzie. They point out that in 1974 Norwegian authorities suggested that an annual production rate of some 50m tons for oil and natural gas combined might be a reasonable aim. Such a production level would represent a "moderate" rate of reserve depletion.

Since then this figure has become enshrined as a central feature of Norwegian oil rhetoric, say the brokers. But it was doubtful whether output from existing projects would reach this level. It might not even be possible to achieve the level of 50m tons output.

The Ministry of Petroleum and Energy itself has periodically reported that output from Norwegian fields in production or under development will fall well short of the equivalent of 50m tons. (In its calculations, the Ministry converts its measurement of gas to the weight of oil on the basis of energy content.) The Ministry says that output will remain at about 50m tons of oil equivalent (toe) until next year when it will begin to rise. In the late 1980s-early 1990s, the production level should be between 60m and 70m toe.

Last year Norwegian production totalled 48.5m toe, split roughly equally between oil and natural gas. The output was over seven times the level of Norwegian oil consumption (6.8m tons).

As a further indicator of Norway's petroleum wealth, the Petroleum Directorate has estimated proven and probable reserves at between 500 and 550 toe, enough to sustain the present level of production for about 100 years. Only Middle Eastern countries like Kuwait can boast such a high reserve-to-production ratio.

But, according to Wood, Mackenzie, many of the newer field developments appear to be marginally economic "at best" given the rigorous tax system and the problems of controlling costs in a demanding production environment. Returns for the oil industry were also being eroded by the high level of licence involvement of Statoil, the state-owned corporation.

The brokers add that many of the discoveries now being made are in "wildcat" remote locations in deep water — that may make development difficult. However, unlike the UK Government, Norway has opted to "backload" state-owned gas-gathering pipeline network to collect natural gas and gas liquids from a number of offshore fields.

In spite of the problems Wood, Mackenzie sees the prospect of a number of new field developments over the next few years, projects that will provide work for the North Sea support industries in Norway and other parts of Europe, including the UK.

Next year, for instance, the brokers expect British Petroleum to initiate the development of its Ula Field, a prospect with an estimated 180m barrels of recoverable oil and between 30 and 70 bn cubic feet of gas. Ula could be on stream in 1987.

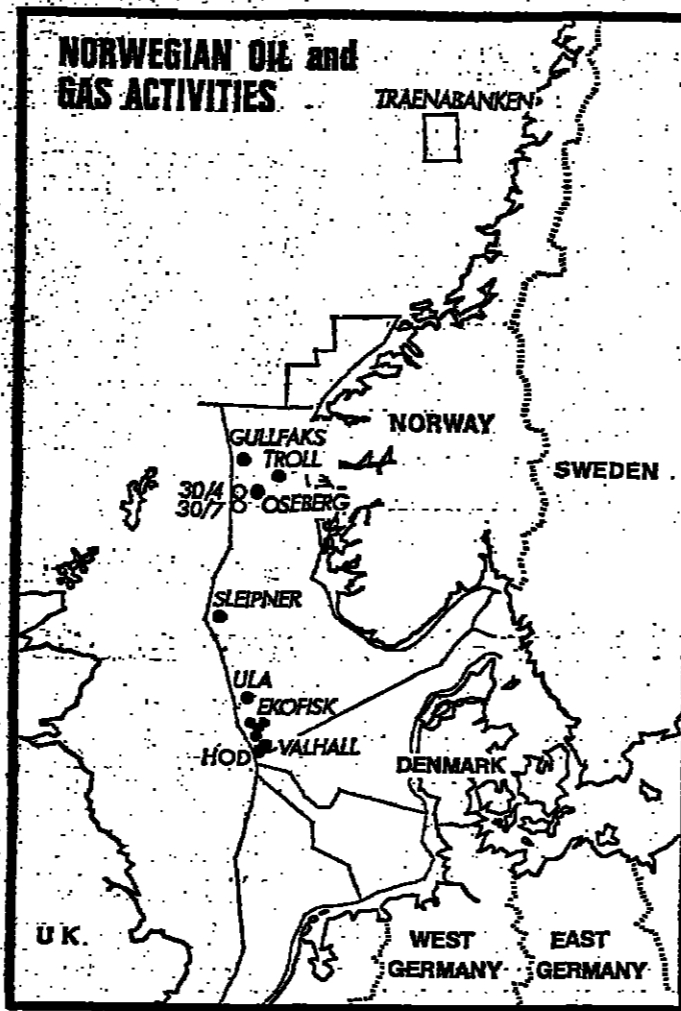
Also in 1983 Phillips Petroleum could begin a project, perhaps costing around \$200m (£1.16bn), to improve the recovery of oil in the Skjold complex of fields. By injecting water into the reservoir Phillips may be able to push out a further 200m barrels of oil, according to the brokers' report.

In 1984 two more projects may be initiated: Norsk Hydro could begin the development of its "silver block" discovery in concession 30/5 — unofficially called Oseberg — and Statoil could start work on the Sleipner Field.

These projects, possibly costing some \$160m between them, could be on stream by about 1990. Oseberg is thought to contain 750m barrels of recoverable oil and between 1.5 and 2.5 billion (million million) cu ft of gas. Sleipner contains relatively small reserves of oil — some 75m barrels — but a good deal of natural gas, an estimated 6.7 trillion cu ft which British Gas Corporation would like to buy.

At least four projects are in prospect for initiation in 1984 and beyond:

- Gullfaks phase two, on Statoil's block 34/10, originally labelled the "golden block" because of its substantial oil-producing potential. This phase two development could tap 700m barrels of recoverable oil and 400bn cu ft of gas.



The industry is particularly interested in the area to the north of parallel 62 degrees which contains about 85 per cent of the Norwegian continental shelf.

So far only a few blocks have been allocated in this northerly region, which is thought to hold the promise of important discoveries. But exploration should be given a boost by the new concessions, just announced.

Twelve blocks in the Traenebanken area, off Nordland County, have been offered to domestic and foreign oil companies. Applications are due by September 1. However, it is expected that initially only two, three or four blocks will be allocated in the first tranche of awards expected late this year or early in 1983.

Norwegian Continental Shelf Fact Sheet, report of the Ministry of Petroleum and Energy, Norway.

- Troll area around the 31/2 Statoil/Shell block. Here recoverable reserves are estimated to be between 1bn and 2bn barrels of oil and 50 to 60 trillion cu ft of gas. This makes Troll potentially one of the world's most important offshore oil and gas discoveries.
- Amoco's Hod Field and Valhall Field extensions, which between them may contain 180m barrels of recoverable oil and 8bn cu ft of gas.
- Prospects in blocks 30/4 and 30/7, operated by Norsk Hydro and BP, which are thought to contain between 1.5 and 2.5 trillion cu ft of gas.

In spite of future production uncertainties, the oil industry has every reason to be encouraged by the level of discoveries in recent years. Last year, for instance, 25 exploration wells were drilled, of which 11 resulted in discoveries.

CRISIS IN MINING

Pretoria bid to defuse white dispute

BY BERNARD SIMON IN JOHANNESBURG

THE South African Government has intervened to prevent a strike among militant white miners but by their black colleagues in the gold mines.

A spokesman for the Chamber of Mines, which represents all six major mining houses, confirmed yesterday that the mining industry had received a message from Mr F. W. de Klerk, the Minister of Mineral and Energy Affairs, urging it to settle its wage dispute with the unions in the national interest.

Mr de Klerk is understood to have made a similar approach to the unions, which have demanded a 15 per cent wage increase, compared with the maximum of 9 per cent offered by the Chamber of Mines. The mines are the backbone of the South African economy, employing one in every seven workers and accounting for one-sixth of gross domestic product and 70 per cent of export earnings.

The gold mines, which are most affected by the dispute, contribute almost half the country's export revenues at a time when the current account of the balance of payments is running a record deficit.

An end to the dispute with the 20,000 white miners, led by a right-wing hardliner, Mr Arrie Paulus, does not, however, mean an end to the mines' labour troubles. Indeed, the headlines over the past few days have been made not by the white miners but by their black colleagues in the gold mines.

The Kloof mine, west of Johannesburg, yesterday became the fifth of South Africa's 34 major gold mines to experience the wrath of black miners in less than a week.

Repeating the pattern at Driefontein Consolidated, Grootvlei, Buffelsfontein and Stiffontein, black workers went on the rampage at Kloof causing extensive damage to hostels and refusing to go underground for the normal shifts.

Well over 20,000 workers have been involved in the disturbances so far, and at least seven have been killed either by police bullets or by knife-wielding colleagues.

The disturbances among black workers stem from the same issue as the white unions' dispute at the mines — wages. But there the similarity ends.

Blacks received their annual pay increase last Thursday but, unlike the whites, there was no prior bargaining or consultation on the new levels.

Black mine-workers, almost all of them migrants from neighbouring states and South Africa's remote tribal "homelands", have no collective bargaining machinery. Black trade unions are virtually non-existent at the mines.

As a result, in the words of Steven Friedman, one of the country's foremost labour journalists, "the only negotiations are between Anglo American Corporation and Gold Fields" — that is between the employers.

This year Anglo American and Rand Mines (a subsidiary of the Barlow Rand industrial group), and the other four groups (including the conservative Gold Fields of South Africa) disagreed on the increments to be awarded to black workers.

The Chamber of Mines announced that the minimum starting salaries of black workers would go up by 11-12 per cent, bringing the minimum for an underground novice to R129 a month (\$86) and for a surface worker to R100.

Anglo American by contrast has implemented an average increase of 16 per cent, bringing the starting wage for surface workers to R125 and for underground workers to R150.

Although the percentage rise was lower than last year, both Anglo and Rand mines gave their workers identical increases in money terms to those awarded in 1981.

In addition, as a senior executive of one of the two companies says, "although we did not consult, we made a concerted effort to communicate."

Workers were told of their increases by individual letters, instead of the impersonal public notices pinned on hostel walls in the past.

No unrest has yet been reported at mines managed by Anglo American or Rand Mines.

A spokesman for Gencor's Grootvlei mines, where several incidents of rioting and arson were reported over the weekend, said that "details of the new wages have again been explained and workers were informed that those who are not satisfied with them were at liberty to seek employment elsewhere."

At Driefontein Consolidated, managed by Gold Fields, some 1,500 workers have chosen to leave. The company's public relations officer apologised yesterday for referring earlier to rioters at the mine as "savages."

The Government has put the onus for negotiating the rules for black advancement on the mining companies and the white unions.

Although the white miners' dispute on this year's pay increases may soon be settled and black tempers over the wage issue will probably subside, it is likely to be many years before a long-term solution to the mines' explosive labour problems is found. This week's disturbances are unlikely to be the last.

Tough negotiations on Namibia begin today

BY QUENTIN PEEL IN LONDON AND MICHAEL HOLMAN IN LUANDA

SENIOR WESTERN diplomats will today begin renewed efforts to achieve a peaceful settlement in Namibia (South West Africa), with high-level talks in New York with officials from the South West Africa People's Organisation (Swapo), while parallel talks continue in Washington with South African government officials.

The negotiations, also involving the so-called front-line states of southern Africa, including Angola, Zambia and Tanzania, represent the most concerted effort to achieve a settlement in the territory since an abortive all-party conference in Geneva in January 1981.

The talks will cover all outstanding issues in the Western effort to promote a United Nations-supervised ceasefire in the 14-year-old guerrilla war between Swapo and South Africa in Namibia, and a subsequent UN-supervised election leading to independence. The major unresolved problem concerns the details of UN involvement, including the composition and numbers of UN civilian and military forces to be posted.

From Luanda, the Angolan capital, prospects for a successful conclusion of the talks due to open in New York appeared bleak last night.

Judging by the critical comments of Mr Hildipo Hamutenya, a central committee member of the South West Africa People's Organisation (Swapo), the U.S. special envoy sent to Luanda has failed in his mission to reassure Swapo about the issue which has become a major stumbling block — Washington's apparent attempt to link the withdrawal of between 15,000 and 20,000 Cuban troops in Angola with a settlement in Namibia.

When Mr Cabelly was asked whether this was a correct interpretation of the paragraphs, "he didn't say yes, and he didn't say no. It makes the talks useless and likely to be of no consequence," according to Mr Hamutenya.

Mr Cabelly himself was not available for questions.

By one yardstick — the status of the New York talks — the settlement efforts are running into difficulties. They seem to have been steadily downgraded.

On the other hand, Mr Hamutenya himself will be in New York, and his tough statements in Luanda may well be an opening negotiating stance which reminds observers of the seemingly unbridgeable divide between the parties at the opening of the Lancaster House talks on Rhodesia (now Zimbabwe).

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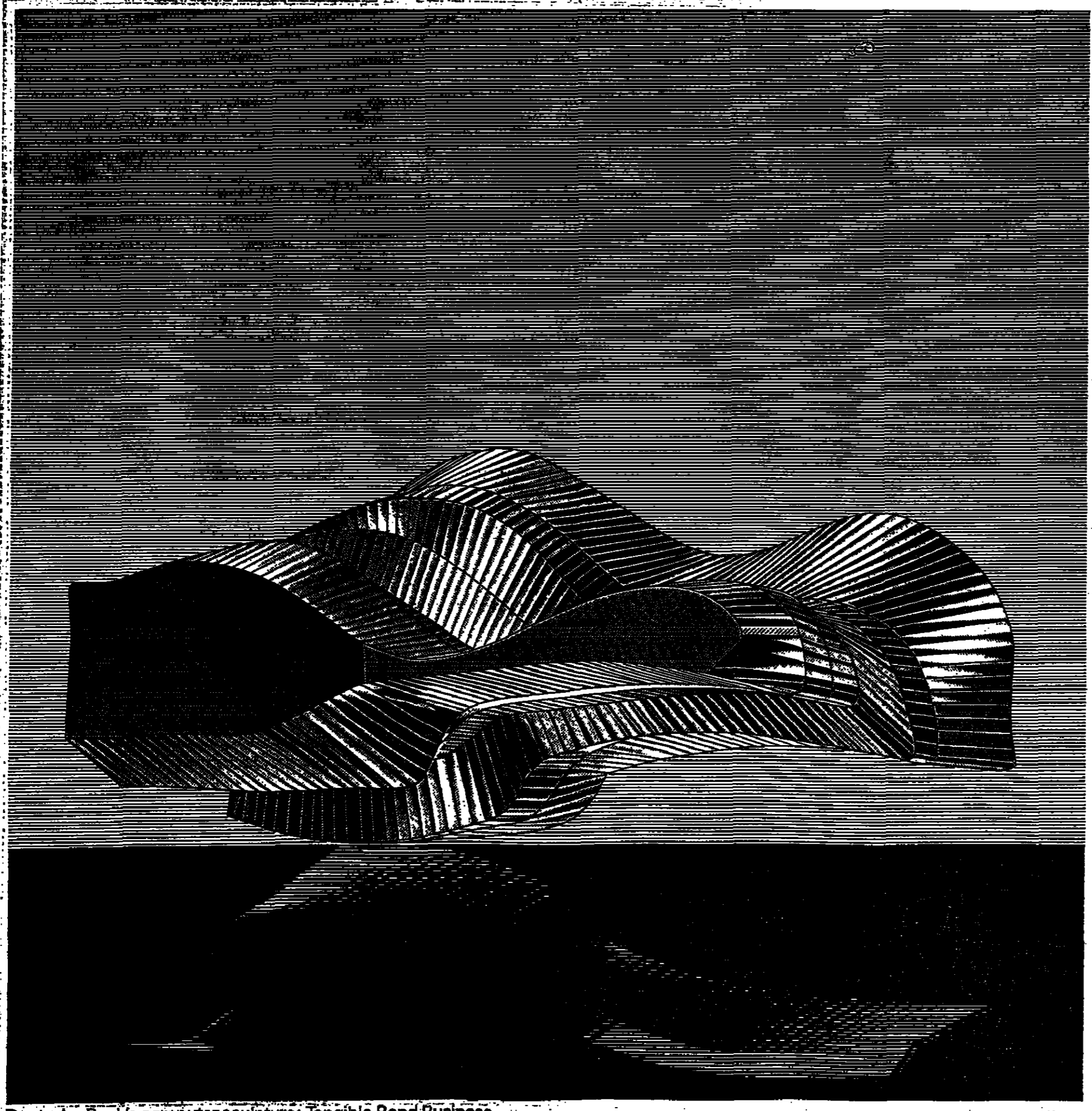
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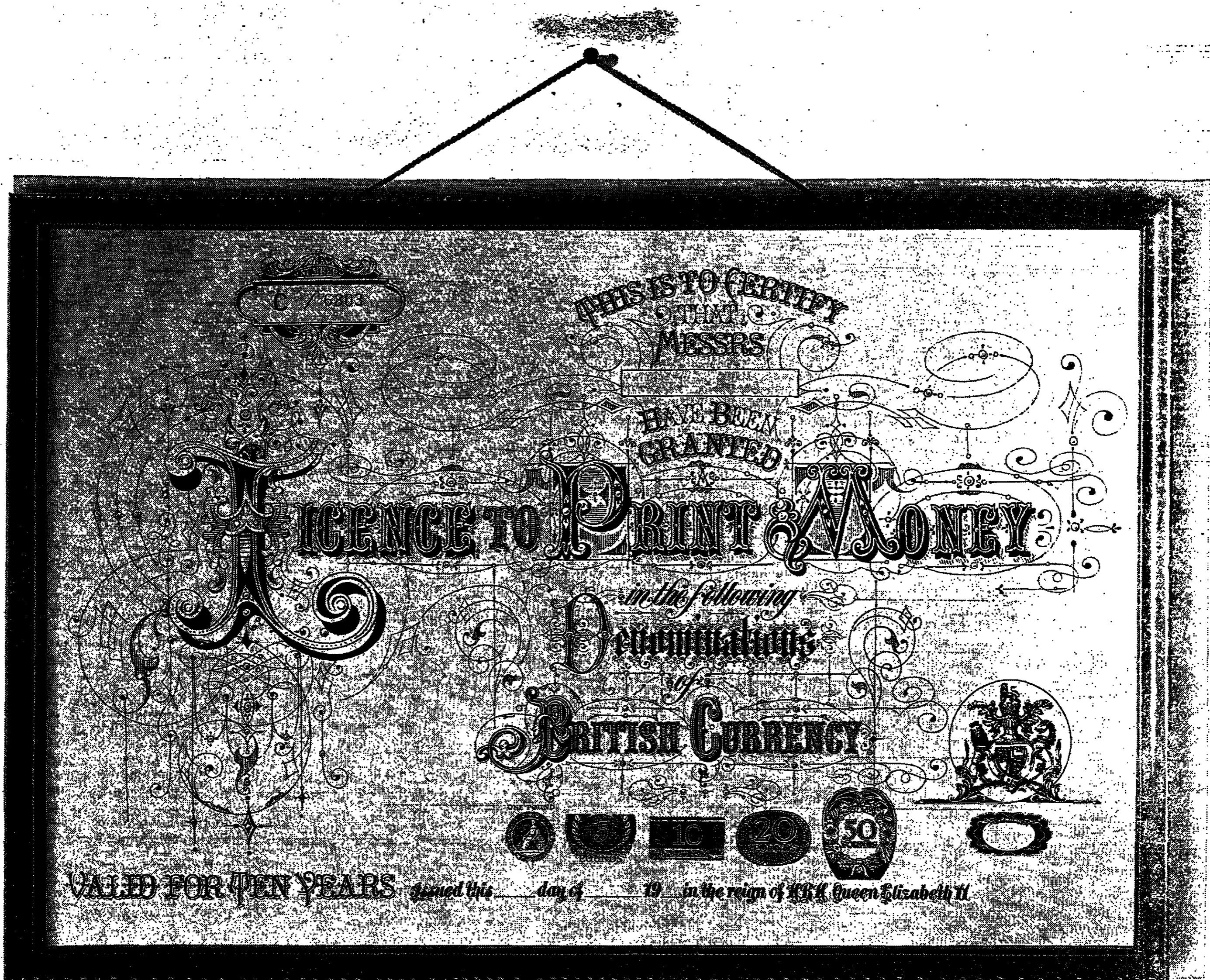


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North Wales, are a typical example. When we installed their Wastemaster system a year ago, the calculated saving over ten years was £454,000. But last winter proved us excessively conservative. Our customer calculates their first winter's saving to be around £30,300 just 46% of the total capital outlay. And as the cold was closing down other factories, they also saved several working days which would otherwise have cost them £70,000 in overheads. To say nothing of having a pleasant and warm work place throughout the toughest winter in living memory. We can defer all payment until next spring. That gives your new system time to contribute up to half its purchase price before you pay.

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AMERICAN NEWS

Mexico chooses moral crusader to fight corruption

After the presidential election, William Chislett reviews the rise of the country's new leader

MEXICANS joke that the first item on the agenda of Sr Miguel de la Madrid, their president-elect, is the establishment of a Ministry of Moral Renovation to combat the very high level of corruption which is endemic to public life.

De la Madrid claims 'crushing' victory

THE OFFICIAL candidate Miguel de la Madrid claimed victory in Sunday's presidential election, early yesterday after electoral officials announced that he had a "clear margin" over his six opponents, writes Ronald Buchanan in Mexico City.

Unofficially PRI members said their candidate had polled 75 per cent of the votes cast. This would mark a decline in the PRI's share, but not a significant one in elections in which it faced a record opposition challenge.

The high-handed—if perfectly realistic—manner in which the PRI claimed victory for its candidate contrasted with an unprecedented measure of respect shown for the opposition at the polls themselves.



De la Madrid... moral renovation

The joke also underlines the deep cynicism of Mexicans who have heard the same promise made countless times in the past. Sr Jose Lopez Portillo, the outgoing president who designated Sr de la Madrid, called corruption a "cancer, which threatens to devour us," but he did little to prevent it ravaging the public policy.

hurdles are cleared with amazing speed if palms are greased. Sr de la Madrid, however, is walking into a minefield of interests which are intimately tied up with the long-established political system. He is convinced, though, that the very survival of that system, which is being tested by political reform and the stagnant economy, depends upon firm action against corruption.

proud of his claim that he has no business interests and he believes such interests are incompatible with public service, although there is no law yet in Mexico regulating the conflict of interests.

through the Bank of Mexico to become General Bank governor in the 1970-76 Echeverria administration. Sr de la Madrid studied law at Unam, the main public university in Mexico, and married at the age of 23. His wife Paloma is deeply religious—she has close ties to the Opus Dei, the conservative Catholic organisation. They have five children.

his wife because his family did not have the money to supplement the scholarship. His uncle Javier, a surrogate father, also persuaded Sr de la Madrid that he would be able to study harder alone. Sr de la Madrid has a tremendous capacity for work, putting in 18-hour days. When he returned to Mexico he worked in the Finance Ministry's credit department and then moved over to the financial department of Pemex, the state oil monopoly. In both jobs he had close contact with foreign bankers.

OECD sees little hope of significant drop in U.S. unemployment

MODEST economic recovery in the U.S. over the next 18 months is unlikely to stimulate much reduction of unemployment, which is expected to remain around record post-war levels, according to the latest forecasts from the Organisation for Economic Co-operation and Development.

andly more gloomy about prospects than the Government. The unemployment rate is projected at 10 per cent at the end of 1982, against the official Washington forecast of 8.4 per cent. The jobless rate is expected by the OECD to fall only gently to 9.8 per cent by the end of next year, against the Administration's forecast of 7.6 per cent.

demand and output over the period to end-1983, the OECD says. Fiscal policy is likely to impart a stimulatory influence of about 0.75 per cent of GNP in the fiscal year 1983.

Commodity prices are expected to remain weak favouring the economy, although this will be partially offset by the continuing weakness of foreign markets. The effect of sluggish overseas economic growth on U.S. exports is accentuated by the recent worsening of competitiveness.

are expected to decline further this year. Overall, export volume is projected to fall 7 per cent this year and 0.6 per cent in 1983. Imports are likely to drop 2.3 per cent by volume this year, but to rise 3.7 per cent next year.

Commenting on the overall economic programme, the secretariat terms as "risky" the delicate linkage between the Administration's three main pillars of policy. These are monetary restraint to counter inflation; a shift in fiscal priorities to favour investment relative to consumption; and a reduction in the Government's claims on resources.

WORLD TRADE NEWS

Third World textile exporters to oppose EEC on 'curbs'

TEXTILE-Exporting countries in the Third World, including India, have decided jointly to oppose what they think is the European Economic Community's attempt to deprive them of concessions allowed by the Multifibre Arrangement (MFA) under which bilateral negotiations on textile imports are being held.

Citibank leads £304m N. Sea financing

THE FINANCING for about \$530m (£304m) of British sales to a major Norwegian gas pipeline system in the North Sea has been put together by Citibank of London.

David Buchan reports on Sofia's moves to forge better links outside Comecon

Bulgaria seeks more Western takeovers

BULGARIA is looking for more West European companies to acquire in order to exploit their better technology and to upgrade Bulgarian marketing in the West, following its takeover of Roperwerk, a financially struggling West German engineering company, earlier this year.



Mr Tudor Zhivkov Hope of more joint ventures

But he admits that joint ventures have been more successful abroad. Fifty have been set up, based, Mr Botev claims, on a "genuine pooling" of technology between Bulgaria and foreign companies, and on joint production and marketing of output.

India chooses suppliers for colour TV kits

SAMSUNG and Gold Star of South Korea and ITT of West Germany have been selected by the Indian Government to supply colour TV sets in knocked-down kit form (CKD) for assembly in India as part of the scheme to introduce colour TV in the country before the Asian Games are held in New Delhi in November.

More tankers sent for scrap

TANKER OWNERS have sold more tonnage for scrap in the first half of this year than in the whole of 1981 as the market has remained depressed with no upturn in sight.

Alstom to build Sumatra power plant

ALSTOM-ATLANTIQUE is to build a 750m (282m) coal-fired thermal power station in Sumatra for Indonesia's National Electricity Agency.

Soviet Union offers ferry orders to Danish yards

THE SOVIET UNION has offered to place orders for ferries with the Aalborg and Helsingør shipyards if the yards can arrange for the sale of Russian machinery and equipment worth between Kr 150m (10em) and Kr 200m, Mr Esmann (Olesen), managing director of the Helsingør yard said.

UK NEWS

BL to switch Ital production from Cowley to Longbridge

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

BL CARS is to switch production of the Ital model from Cowley, Oxford, to Longbridge, Birmingham this year. The move could save up to 700 jobs at the Birmingham plant...

association with Honda of Japan and due to be launched in 1985. The company's aim is to achieve a balance in production between its two volume-car plants at Birmingham and Oxford...

Northern enterprise rare, says Californian

BY CHARLES BARTCHELOR

"IF THERE are any good entrepreneurs in the North of England I am sure as hell haven't seen them." Like many Americans Mr Jack Melchor, the Californian venture capitalist brought in more than 18 months ago to manage the National Enterprise Board's new Anglo-American Venture Fund...

Business failures rose 22% in first half to record level

BY CHARLES BARTCHELOR

BUSINESS failures rose to record levels in the first half of 1982, according to two surveys published yesterday. Company liquidations and bankruptcies showed a 21.7 per cent increase to 5,550 in the first six months of the year...

Nissan says car plant GM reorganises parts marketing in Britain

BY JOHN GRIFFITHS

NISSAN of Japan insisted yesterday that it still had not made a decision about setting up a car plant in Britain and dismissed as "pure speculation" reports that it had abandoned the project.

GENERAL MOTORS has set an organisation to operate marketing and distribution of its £200m-a-year replacement motor parts business in the UK. The new entity, General Motors Service Parts, has brought together the warehousing and distribution of AG Delco and General Motors Parts Europe...

Housebuilding outlook brightens

BY PAUL TAYLOR

PRIVATE housing starts in Great Britain rose by 26 per cent during the first five months of this year and by 35 per cent in the three months to the end of May. But builders expect a slower rate of progress during the second half of 1982.

Why life at Shell is like a game of cricket

"THE Shell Group is a little like the game of cricket. To the outsider it must all seem pretty bewildering. But once you are part of it the rules become clear; it is a great and fascinating activity."



Sir Peter Baxendell

Ray Dafter talks to Sir Peter Baxendell, chairman of the Royal Dutch/Shell Group

ordinators and no fewer than 30 heads of functions. Sir Peter says that the regional co-ordinators are the group's ambassadors working on behalf of the all-important operating companies.

Four-star war at Tenbury Wells

BY RICHARD JOHNS

THE PRICE of four-star petrol plummeted to 128p per gallon at Tenbury Wells, Worcestershire, at the weekend, as Shell changed the discount offered by Conoco on its Jet brand.

Harvard Securities drops legal actions

BY RAY MAUGHAN

HARVARD SECURITIES, the licensed dealing company, has dropped its £2m legal actions against the chairman of The Stock Exchange, Sir Nicholas Goodison, and other members of the council.

Search goes on for Harland chief

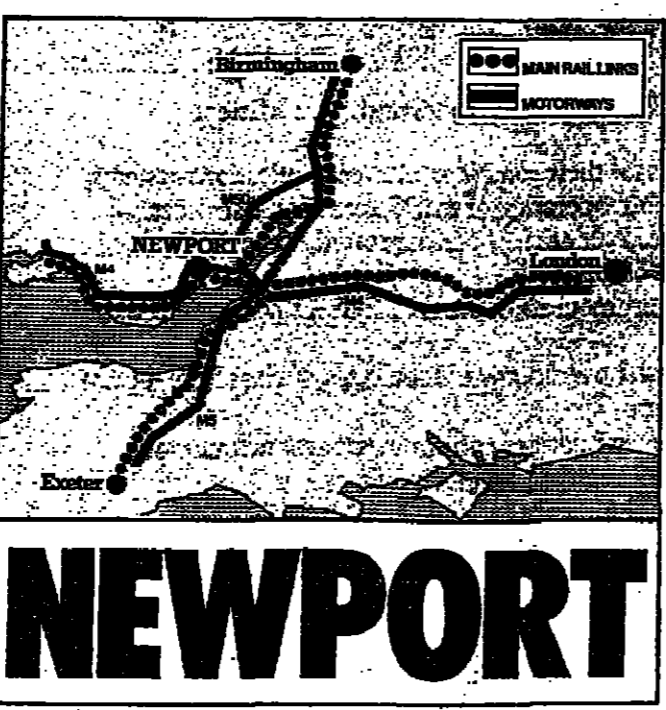
BY ANDREW FISHER, SHIPPING CORRESPONDENT

TWO LEADING executives of state-owned British Shipbuilders have volunteered themselves out of consideration for the managing directorship of ailing Belfast shipyard Harland and Wolff.

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Plessey will sponsor Moving Image Museum

PLESSEY is to sponsor the Museum of the Moving Image, planned for London's South Bank, it was announced yesterday. It will be the first of its kind on development of moving images, from the earliest Chinese shadow plays to film, video and other technologies.

Church's Mens Shoe Sale advertisement. Quality bargains in Church & Cheaney Shoes. Begins TODAY Tues. July 6th. 90 CHEAPSIDE 01-606 1587.

Decline in city's traditional work hits the skilled

By Nick Garnett, Northern Correspondent

THE SEVERE impact on skilled workers of a steep decline in the traditional employment base of an urban area is outlined today in a report on unemployment in East Newcastle.

Almost 40 per cent of workers unemployed for more than a year have served full craft apprenticeships and a third of the short term unemployed are similarly qualified, the study indicates.

The report is based on data collected last year in a survey of 1,500 households in the area, which has a population of 37,000 and is closely tied to some traditional industries including shipbuilding.

Since the survey was carried out by Newcastle city council the number of unemployed in the city as a whole has risen by 17 per cent. Some of the report's findings are therefore likely to be more serious now.

The council study attacks the Government for removing other things, using cash penalties against some local authority expenditure designed to alleviate the effects of unemployment.

A major finding of the 95-page report is that long term unemployment is growing twice as fast as total unemployment.

Half the long term unemployed involved in the survey were under 40 years of age and, of the total unemployed in East Newcastle, two men in five and one woman in three have been without work for more than a year.

Long term unemployed made up 35 per cent of all unemployed in January this year and the report says this could eventually rise to 50 per cent.

If people on YOP schemes were included with the unemployed, the number of males under 20 without a permanent job would have stood at 48 per cent and 44 per cent for females.

Partly because unemployment is concentrated in a relatively small number of industries and companies, the report doubts whether small employers can generate jobs in sufficient numbers to make any real impact on unemployment.

In Newcastle as a whole, there are 400 manufacturing companies which employ fewer than 50 people. In total these account for only 6,000 jobs. Total employment in this sector has remained relatively stable over the past few years.

The spiralling effect of unemployment on the trade of local small business, through overheads costs rising and trade being depressed, is noted.

Of 100 small businesses questioned, just over half reported a fall in turnover, although a quarter said their trade had risen.

The report records a high incidence of activity among the unemployed in attempting to find work. It is unclear though what effect the continuation of the recession has had on this rate of work-seeking.

Unkind cuts over whose thrust 757 will have

By Michael Dome, Aerospace Correspondent

THE BATTLE between Rolls-Royce of the UK and Pratt and Whitney of the U.S. to supply engines for the new Boeing 757 twin-engine jet airliner is developing into a war of words.

With an estimated market for more than 1,000 aircraft—and so more than 2,000 engines plus spares, over the next decade or so, worth about \$5bn (an estimate that may prove conservative)—neither side is leaving much to chance.

In what some senior Rolls-Royce executives see as a desperate move, Pratt and Whitney is now resorting to advertising which, even by U.S. standards in the genre, is blatant in its denigration of the British company's efforts, while also extolling the virtues of its own.

"If you could buy fuel at yesterday's prices," says Pratt & Whitney in advertisements widely circulated in aviation magazines, "the competition's engine might be adequate."

Describing the RB-211-535 as a derivative of yesterday's models, Pratt & Whitney lambasts it as "a 1980s engine with 1960s configuration. Less fuel-efficient than Pratt & Whitney's all-new engine. And a derivative doesn't give you much room for improvements."

The Rolls-Royce response is painted but dignified. Mr Ralph Robins, the company's commercial director, in a personal message to 2,000 airline and business executives to counter the Pratt and Whitney blast, says: "I want you to know that we regret that Pratt and Whitney feel it necessary to adopt this approach."

He goes on to stress that Rolls-Royce has taken the proven design concept of the RB-211 and incorporated "state of the art" advanced technology.

He then plays his trump card. Those still in doubt "may wish to seek Boeing's independent assessment of the competing claims for the two engines"—because (although he doesn't say so) the Rolls-Royce engine has been flying in the 757 test programme for several months.

Glasgow rebuilds among the ruins

Mark Meredith looks at efforts to reverse the drift away from Scotland's biggest city

A CONFUSED system of motorways and expressways runs through the middle of Glasgow. They charge through the areas of post-war decay and dereliction, dismissing them as relics and whisking cars out to better things on the outskirts.

The overhead road system gets carried away at times, with offshoots soaring off into space only to stop abruptly when cash, momentum, planning regulations or—more fundamental—confidence, ran out.

Confidence is a touchy subject in Glasgow. The city has been laid low many times in the past as its tobacco, textile, coal handling, steel and shipping industries have faltered or fallen. Confidence was required to start again and the commodity has been in short supply.

Since the war, Glasgow has been a city to escape. New housing estates in the suburbs, a network of satellite developments, and new towns outside were deliberately set up to offer new and better housing and write off an accumulation of squallor in the city centre. It left the heart of Scotland's biggest city deeply neglected.

If the violence and deprivation associated with the decline of the city's heavy industries through unemployment and poor housing did not do enough to give the city a bad name, then a past and now out of date record of political militancy among the trade unions—the

red Clyde image—made things worse.

An attempt is now being made to get things going again in Glasgow. Some industry is going already; there are promising examples like John Brown in Clydebank. But much of the city's industry needs a shove.

An important element in the rejuvenation of the city centre is a £30m scheme to turn a site at Queens Dock into an exhibition centre for the city. The venture is presently in the design stage with the final go-ahead expected at the end of the year.

The centre is not designed to push Glasgow into the international exhibition circuit. In terms of floor space its 20,000 sq m would be only one-fifth the size of the National Exhibition Centre in Birmingham, which in turn is ninth in the table of international exhibition sites.

It is bound in with the main thrust of Scottish industrial development—a drive to replace heavy industry with high technology industries, chiefly in the field of microelectronics. It will act as a shop window for the city and the region as a whole, helping underline Scottish industrial achievement.

The prime mover in the complex is the Scottish Development Agency which is taking on one third of the development costs. Another third will come

jointly from Glasgow District and Strathclyde Regional councils and the final third from the private sector.

The agency commissioned a survey to find the region's best site for an exhibition centre which settled on Glasgow and Queens Dock because of its accessible location. The network of roadways, once seen as a gash in the city centre, has gradually started to take on an aspect more pleasant to the eye and more promising for the future.

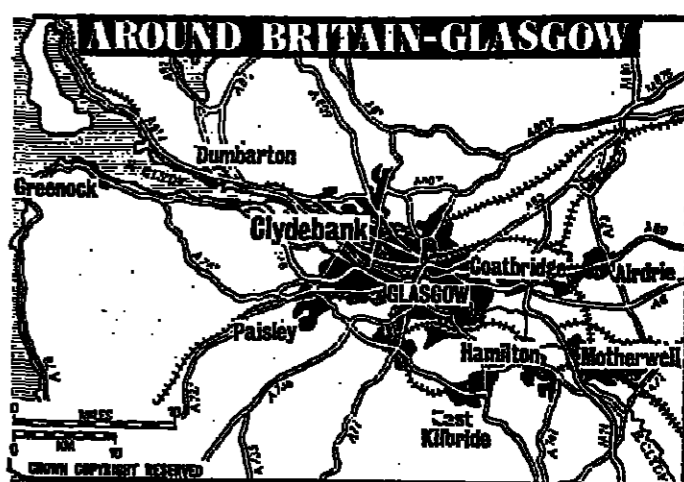
Two new hotels, new office blocks and the proposed headquarters for the British National Oil Corporation have moved into the wilderness along the motorway to take advantage of its easy access.

A far-sighted planner has also placed a station in the urban rail network just outside the prospective gates of the centre.

Mr Edward Cunningham, the Scottish Development Agency's director of planning and projects, points out that the centre is unique in post-war Britain in that it will be the first to involve private funds.

He has taken over the main co-ordination of the project and later this week will give the participants the latest cost estimates and design specifications.

The agency's involvement, however, also signals a weakness in Glasgow's recovery. The initiative has not come from



the private sector. In many cases the agency has found itself having to lead the private sector to water and hoping it would drink.

A £40m redevelopment for the St Enoch area of central Glasgow, although to be funded entirely by private developers, was, like the exhibition centre, an agency idea.

City businessmen argue that, given the economic situation, the scale for renewal required and public spending in other UK exhibition centres, it is unreasonable to expect the private sector to come up with projects like this. Only a government Body, they argue, can allow itself to think on such a scale. The private sector has been active but in a more limited way.

Mr Forbes Macpherson, past president of Glasgow Chamber of Commerce, is among those

encouraging private sector involvement. But high rates, previous government incentives to build outside the city and the recession have all been disincentives to invest.

"The city has recovered from its many setbacks in the past. 'Why not now?' Mr Macpherson asks.

He concedes the Government is doing much of the running but feels that two or three key people should now step forward to establish the private sector in the game.

He feels it was a mistake to drain the city's population so completely. It went from a badly overcrowded 1.4m before the war to its present 780,000. The young left and the city population aged.

New life in the centre of Glasgow can reverse this trend and restore, he feels, the right balance to the city.

More water for BNFL

LAKE DISTRICT planners have decided not to raise objections to British Nuclear Fuels (BNFL) getting a temporary licence to take a further 2.4m gallons of water per day from Wastwater. This was recommended by the Environment Secretary after the Two Lakes inquiry.

But the planners want an assurance from BNFL and the North West Water Authority that information will be made available on the monitoring of water taken under the present

licence and any temporary licence.

Mr Rex Baynes, chief planning officer of the Lake District Special Planning Board, told the Development Control Committee that suggestions were being made in the Wastwater area that "when the lake level falls, BNFL are taking too much".

He said it was in the interests of the two bodies to take steps to make the results of their monitoring available to the public.

Litigation 'jungle' attacked

By A. H. Hermann, Legal Correspondent

"FOR MOST people, civil litigation remains a jungle which they enter at their peril and the means of settling disputes is best avoided if at all possible."

This is one of the conclusions of the 25th annual report of the International Commission of Jurists. In the report, Justice says that a serious and successful initiative in the field of civil law.

In 1975 report on bankruptcy led to the appointment of the Cork Committee, whose recently published report adopts and reinforces many of the recommendations originally made by Justice.

In the area of criminal law, pressure from Justice has led to the introduction of the compensation scheme for victims of crimes of violence and the widening of the Court of Appeal's power to order retrials. The overall picture, however, remains unsatisfactory.

Although Justice has helped to secure the quashing of many wrong convictions, the pressure for improvement in the procedure which would prevent such injustices has so far had little effect.

The eight cases of suspected wrongful conviction with which Justice is concerned at present, reveal not only suppression of evidence by the prosecution, but also, in some cases, the remarkably defeatist attitude of the defence.

On human rights, Justice reports the proliferation of declarations and of international conventions, paralleled by increasing brutality in Iran, Turkey, Eastern Europe and Latin America.

"The Government's lack of progress on the reform of legal services has been criticised by the newly-elected chairman of the Association of Liberal Lawyers, Mr Tim Clement-Jones.

Speaking at the Annual General Meeting of the Association, Mr Clement-Jones, head of legal services at London Weekend Television, said that virtually none of the recommendations of the 1979 report of the Royal Commission on Legal Services have been implemented.

He called for simplification of the assessment of means for civil legal aid, adequate increases in capital limits and legal aid for more tribunals.

Mr Clement-Jones, who is prospective Liberal Parliamentary candidate for Streatham, said that, above all, law centres should be put on a more secure financial footing.

Doctors' leader urges more cash for NHS

FINANCIAL TIMES REPORTER

MORE MONEY must be made available to run the National Health Service and to reward health workers more fairly, the leader of the British Medical Association said in a warning to the Government yesterday.

Mr Anthony Grabham stressed that he was not commenting on the rights or wrongs of the health workers' 12 per cent pay claim or any other dispute.

But he said: "Health service workers have for many years subsidised our NHS by the acceptance of relatively low earnings."

"Now they are being asked to accept further reductions in their standard of living."

"They are being asked to subsidise the health service yet

again at the expense of their families.

Mr Grabham, chairman of the BMA Council, told the annual representative meeting in London that the amount of money allocated by the Treasury to run the NHS was "clearly inadequate either to provide the kind of service which we all believe to be necessary or to reward its workers fairly."

Britain spent only 5.8 per cent of its gross national product on health in 1980, compared with 9.1 per cent in the U.S., 8.7 per cent in West Germany, 7.9 per cent in Australia, and 7.7 per cent in France.

Mr Graham said the BMA fully supported the health service, and it was his duty to

issue a serious warning to the Government and the public.

"I do not want to exaggerate, but there are undoubtedly beginning to develop areas of very real concern in many parts of the country," he said.

Mr Grabham said his first anxiety was that the gap between what existed and what was needed in the health service was steadily increasing.

"My second anxiety is probably more important still. The NHS is heavily dependent upon the goodwill of those working in it. Clearly, the support of the medical and nursing professions is absolutely paramount but it also applies—albeit to a lesser extent—to other workers in the service."

Mr Grabham found it in-

creasingly difficult to accept repeated explanations given for low pay in the NHS—that an increase in salaries would restrict services to patients.

"If the sums of money available were truly finite—then this argument might stand. But this is not the case.

"The amount of money available to the NHS is decided by the Treasury and by the Cabinet after assessing the competing claim of other services.

"I would urge most strongly that before any cash limits are set for the coming year that the Treasury ministers in particular will consider very carefully indeed the claim of the NHS for a fairer share of the nation's wealth."

The readers of a famous national daily opened 102,000 unit trust accounts in the last 12 months. But which one?

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FT COMMERCIAL LAW REPORTS

Law Society not accountable for brokerage

SWAIN AND ANOTHER v LAW SOCIETY

House of Lords (Lord Diplock, Lord Fraser of Tullybelton, Lord Scarman, Lord Roskill and Lord Brightman); July 1 1982

WHERE A professional body, acting in its public capacity, sets up a compulsory group insurance scheme to cover liability of members of the profession, it is not accountable in private law to the individual premium payers for money it receives under a commission-sharing agreement with brokers.

The Law Society, acting in its public capacity, adopted the method of indemnity for solicitors specified in section 37 (2) (b) of the 1974 Act, i.e. group insurance effected under a master policy taken out and maintained by the Society.

contract between the insurers and the named solicitor. A master policy contract was concluded between the Law Society and the insurers on November 18 1976.

did not express a trust, and did not necessarily imply a trust. It would be surprising if a society of lawyers, who might be expected to make their intention clear, should have failed to express a trust if that was what they intended to create.

The House of Lords so held when allowing the Law Society's appeal from a Court of Appeal decision that it was accountable to the plaintiffs solicitors, Mr J. M. Swain and Mr A. S. McLaren, for money received under a commission-sharing arrangement with insurance brokers.

The principal purpose of section 37 was to safeguard the lay public. In exercising the power conferred on it, the Law Society was performing a public duty, and not a private duty to premium-paying solicitors.

The nature of a public duty and remedies for its breach differed from those of a private duty. The remedies in breach of trust or equitable account were only available where a private trust had been created.

The basis of that proposition was that it would be unconscionable for the Law Society to take advantage of its statutory position so as to make a profit from premium money which it compelled solicitors to pay.

Section 37 of the Solicitors Act 1974 provides: (1) The Council [of the Law Society] may make... indemnity rules... in respect of civil liability incurred... by a solicitor or former solicitor in connection with his practice...

The Law Society made the Solicitors' Indemnity Rules 1975, under section 37 of the Act. Rule 2 authorised it to take out and maintain a master policy and to issue certificates of insurance to solicitors.

LORD BRIGHTMAN agreeing, said that the Law Society made the Solicitors' Indemnity Rules 1975, under section 37 of the Act. Rule 2 authorised it to take out and maintain a master policy and to issue certificates of insurance to solicitors.

There was nothing in section 37 which obliged the Law Society to assume the role of trustee. The question was as to the Law Society's intention. That was to be ascertained from the words used in the master policy and surrounding circumstances.

LORD DIPLOCK would allow the appeal. He said that the Law Society performed its functions in a private capacity, and a public capacity as well. The authority on which duties were imposed, and powers conferred, by the Solicitors Act 1974.

When acting in its private capacity, the Society was subject to private law and its only duty was to its members. When acting in its public capacity, it was governed by public law, and its duty was to act in the best interests of that section of the public which might be in need of legal advice.

Clause 1 of the master policy, read with the rules, was an agreement by insurers with the Society "on behalf of all Solicitors who are, or who are held out to the public as principals in private practice... and on behalf of former solicitors."

That was to be ascertained from the words used in the master policy and surrounding circumstances. The plaintiffs argued that on the facts of the present case, "on behalf of" in the master policy must be read as words of trust.

That was unacceptable. On the authorities "on behalf of"

By Rachel Davies Barrister

RACING BY DOMINIC WIGAN

of Fashion and those fast juveniles Widda and Bright Crocus.

Although the 1 1/2 miles of the Princess of Wales Stakes is Adross's absolute minimum distance in smart company, and too sharp for him in the very highest grade races, such as the Arc, a sixth consecutive victory should prove within his capability today.

the Minstrel in the Dance in Times Stakes at the last Newmarket meeting.

All in all, it could be another tremendous afternoon for the Warren Place two-year-olds for Dunbeath and Fire-Thatch can, respectively, win the Plantation and Chesterfield Stakes.

NEWMARKET 2.00 -Dunbeath 2.35 -Adross 3.05 -Battle Hyms 3.35 -Bright Crocus*** 4.10 -Fire-Thatch 4.40 -Avonmore Wind

CHEPSTOW 2.45 -Gloria** 3.45 -Diamond Shoal*

BBC 1

6.40-7.55 am Open University, 1.00 pm News After Noon, 1.27 Regional News for England (except London), London and SE: Financial Report, 1.30 Bappuss, 4.18 Regional News for England (except London), 4.20 Play School, 4.45 Lassie, 5.05 Newsworld, 5.10 Take Two, 5.40 Evening News, 6.00 Regional News Magazines, 6.25 Nationwide, 6.55 Triangle, 7.20 The Wonderful World of Disney: "Chester, Yesterday's Horse", 8.05 Private Schulz, World War Two is the setting for this serial in six parts, starring Michael Elphick, 9.00 News, 9.25 John Paul's People: The British Catholics, A documentary, 10.18 Phoneton Limited by Bernard MacLaverty, 11.03 News Headlines, 11.05 World Cup Report, 11.20 Harry O, starring David Tennant in "The Admiral's Lady", 11.30 News

TELEVISION

Tonight's Choice

Can the summer be over? There is an extraordinary number of new series on television tonight which usually means autumn. Mind you, on closer inspection one of the new series turn out to be a season of John Ford films, starting with the 1980 classic Stagecoach, which made John Wayne. This is on BBC 2 at 8.30 and preceded by The Fast Afoot in which Anthony Burton investigates British seamanship, and kicks off with the earliest boats. The new series on ITV is Video Entertainers, an odd name for what is basically a talent show. I'd be surprised if you wanted to video any of tonight's acts, but you could do worse than record Another Sunday and Sweet F.A. by Jack Rosenthal, one of the gentlest and most humorous of TV playrights. This is, typically, about a local football match and was well received first time round (ITV). To add to the peak season flavour there are interesting programmes dotted around the evening—Homey on the Sky on BBC 2 at 5.40, with film of the early days of flying; a documentary on British Catholics John Paul's People on BBC 1 at 9.25; and a repeat run for Private Schnitz which Chris Duncley liked very much when originally shown on BBC 2.

LONDON

9.30 am Rocket Robin Hood, 9.50 Wild, Wild World of Animals, 10.15 Incredible World of Adventure, 11.30 Paint Along with Nancy, 12.00 Pullyover, 12.10 pm Let's Pretend, 12.30 The Sullivans, 1.00 News, with Peter Sissons, plus FT Index, 1.20 Thames News, with Robin Houston, 1.30 Emmerdale Farm, 2.00 After Noon Plus Revisited, 2.25 Racing from Newmarket, Covering the 2.35, 3.05 and 3.35 races, 3.50 Home Sweet Home, John Bluthal in "On the Job", 4.20 Roundabout, 4.45 CB TV—Channel 14, 5.15 The Daily Mirror Gymnastics Scholarships 1982, From the Royal Albert Hall, London, 5.45 News, 6.00 Thames, 6.35 Crossroads, 7.00 Best of British: "Man About the House"—The Video Entertainers, 8.00 The Streets of San Francisco, 9.00 Best of British: "Another Sunday and Sweet F.A.", 10.00 News, followed by Thames News Headlines, 10.30 East Side Story, 11.30 X-Box, 12.25 am Sit Up and Listen.

ANGLIA

9.30 am Seema Street, 10.30 A Daily of Civilisation, 11.25 The Flying Kiwi, 11.50 Wattoo, Wattoo, 12.30 pm Gardening Time, 3.50 Looks Familiar, 6.00 About Anglia, 6.00 The Incredible Hulk, 11.30 Quincy, 12.15 am Angle on the Argentine.

BORDER

9.30 am Larry the Lamb, 9.40 Evolution, 10.00 Cool McCool, 10.20 Target the Impossible, 10.40 Bailey's Bird, 11.00 3-2-1 Contact, 11.30 Johnny's Animal Opera, 1.20 pm Border News, 3.50 Looks Familiar, 5.00 Lookaround, Tuesday, 8.00 Simon and Simon, 11.30 Border News Summary, 9.55 am The Eye of the Storm, 10.45 The Incredible Hulk, 11.30 The Crazy World of Sport, 12.30 The Young Doctors, 1.20 Central News, 2.00 Central News at the Royal Show, 6.25 Central News, 8.00 Magnum, 11.30 City of Angels.

CHANNEL

12.30 pm The Electric Theatre Show, 1.20 Channel Lunchtime News, 3.50 Daily Mirror Gymnastics Scholarships 1982, 5.20 Crossroads, 6.00 Channel Report, 6.30 Looks Familiar, 8.00 Simon and Simon, 10.28 Channel Late News.

BBC 2

6.40-7.55 am Open University, 10.30 Play School, 1.54 Homey on the Sky, 6.55 Six Fifty-Five Special, 7.20 News Summary, 7.35 Food and Drink, 8.05 The Fast Afoot, 8.30 John Ford Season "Stagecoach", starring John Wayne, 10.05 Brass Tracks Reports, 10.45 Newswight.

CYMRU/WALES-As HTV WEST

12.00 Cel Cocas, 4.20 pm Ar E! 6.00 Y Dydd, 6.15 Report Wales, 6.30 Gwyn Pilimlu Celtaidd, 11.30 East Side Story.

SCOTTISH

10.00 am Once Upon a Time... Man, 10.25 Tuesday Matinee, 12.30 pm Gardening Time, 1.20 Scottish News, 3.50 Looks Familiar, 5.15 Fashione Tales, 6.20 Crossroads, 6.00 Scotland Today, 6.35 Down to Earth, 8.00 The Incredible Hulk, 11.30 Late Cell, 11.35 Pre-celebrity Soccer.

TW

9.30 am Seema Street, 10.30 Feature Film "Time Gentlemen Please", 11.50 The Undersea Adventures of Captain Nemo, 12.30 pm The Electric Theatre Show, 1.20 pm TSW Regional News, 3.50 The Daily Mirror Gymnastics Scholarships 1982, 5.15 Gus Honey-bun's Magic Birthdays, 5.20 Crossroads, 6.20 Today South West, 6.30 Looks Familiar, 8.00 Simon and Simon, 10.32 TSW Late News, 11.30 News, 12.25 am Postscript.

RADIO 1

5.00 am As Radio 2, 7.00 Steve Wright, 9.00 Simon Bates, 11.30 Dave Lee Travis including 12.50 Newbeat, 2.00 pm Paul Burnett, 4.30 Peter Powell including 5.30 Newbeat, 7.00 Talk-show with Robbie Vincent, 9.00 David Jensen, 10.00 John Peel (s).

RADIO 2

5.00 am Ray Moore (S), 7.30 Terry Wogan (S), 10.00 Jimmy Young (S), 12.00 Gloria Hunniford (S), 2.00 pm Ed Stewart (S), 4.00 David Hamilton (S), 5.45 News: Sport, 6.00 John Dunn (S), 8.00 The Golden Age of Hollywood (S), 9.00 Listen to the Band (S), 9.30 The Organist Entertainers (S), 9.50 Sports Desk, 10.00 The London Palladium Story, 11.00

RADIO

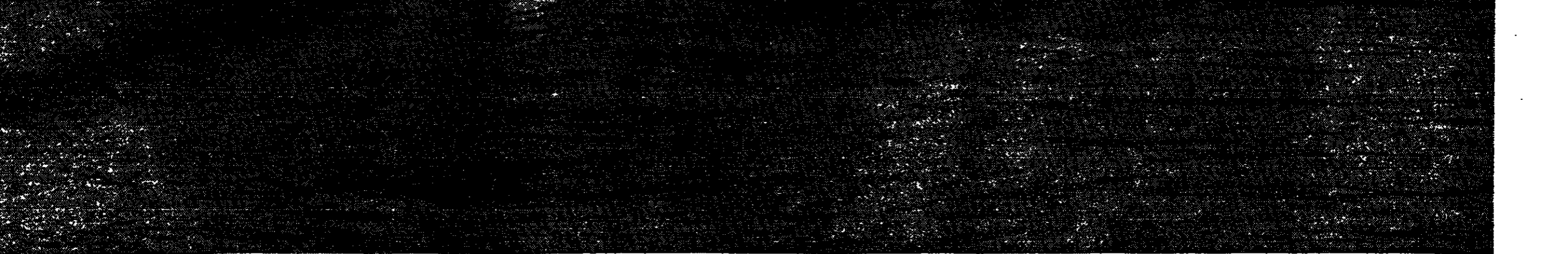
Brian: Matthew with Round Midnight (from midnight), 1.00 am Encore (S), 2.00 You and the Night and the Music with Charles Novak (S), 3.15 University of Wales Rectal (S), 4.20 Szymonowski and Reckmanowicz (S), 4.55 News, 5.00 Mainz for Penelope (S), 6.20 Jazz Today (S), 7.00 From Molecules to Mind, 7.45 The Bach Who Came to London, Endemion (S), 9.00 My Merry Monkeys, 9.20 Endemion, part 2 (S), 10.15 Beowulf, 10.45 Vladimir Askenazy (S), 11.15 News, 6.00 am News Briefing, 6.10 Farming Today, 6.30 Today, 8.25 Yesterday in Parliament, 9.00 News, 9.05 Tuesday Call, 10.00 News, 10.2 From Our Own Correspondent, 10.30 Welsh Symphony Orchestra (S), 2.00 Music at

RADIO 3

6.55 am Weather, 7.00 News, 7.05 Morning Concert (S), 8.00 News, 8.05 Morning Concert, 9.00 News, 9.05 "The Week's Composers" (S), 10.00 Royal Overseas League Music Festival 1982 (S), 10.45 Shostakovitch (S), 11.25 Benjamin and Bohms (S), 12.10 pm BBC Welsh Symphony Orchestra (S), 1.00 News, 1.05 Six Continents, 1.25 BBC Welsh Symphony Orchestra (S), 2.00 Music at

RADIO 4

6.00 am News Briefing, 6.10 Farming Today, 6.30 Today, 8.25 Yesterday in Parliament, 9.00 News, 9.05 Tuesday Call, 10.00 News, 10.2 From Our Own Correspondent, 10.30 Welsh Symphony Orchestra (S), 11.15 News, 10.45 Morning Story, 11.50 News.



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TECHNOLOGY

EDITED BY ALAN CANE

Britain is rich in hydrocarbons and has abundant reserves of coal

Need for alternative energy recedes

BY ANDREW HOLMES

THE ENERGY crisis is over. No longer do energy ministers feel it necessary to issue stern warnings that Britain will never be immune from the fluctuations of the world energy economy.

David Mellor, junior minister with responsibility for renewable energy, told a Parliamentary meeting this week that "there is no shortage of energy reserves in the UK, nor likely to be for many years."

Britain, he said, is "rich in hydrocarbons reserves," has "abundant reserves of coal" and has "the proven technology of nuclear power available to play a more significant role."

All this is true—no more or less true, however, than it has been for the last ten years. The real message in Mr Mellor's speech was that, given our re-discovered energy wealth, there is less need—if any—to develop alternative sources of energy supply. The government, in common with governments throughout the industrialised world, is emphasising the point through a cutback in funding for renewables: from an allocation of £14m last year to a ceiling of £11.12m in 1982-83. Research into several new energy sources will be downgraded, with wave research—once the brightest hope of renewables—likely to be ditched altogether next year.

Renewable energy development is being handed over to private enterprise and energy market forces.

Mr Mellor ended his speech

with the hope "that British industry will take note of the opportunities" offered by alternative energy. But in the middle of recession and an oil glut, such a risky area will seem unappealing to most companies.

Britain already has a small but well established solar industry which has managed continuing growth despite the fact that Britain, unlike most European countries, offers no financial incentives or tax concessions for installing solar equipment. The handful of UK companies manufacturing solar photovoltaic equipment for electricity generation have also gained a small share in a fast-growing world market.

But solar technology is already tried and tested. The real challenge lies in developing those technologies—wind and wave power—which have still to be fully proven, but which offer, in the short term at least, a much greater potential for electricity production. Sir Robert McAlpine's has been involved in both wind and wave research. The company is now working on a prototype of a vertical axis wind generator, with support from the Department of Energy, and is aiming to build a two to three megawatt version within the next three years.

If the wind power industry is to gain export sales, it must be able to offer foreign buyers equipment which has been operated and proved reliable. To do so, it needs electricity

utilities at home willing to buy and use the equipment. One Scottish utility has co-operated fully in building the UK's first full-scale wind generator, a 3MW machine on Burgar Hill, Orkney. But the largest utility, the Central Electricity Generating Board, has said it will buy only proven equipment, and it shocked the UK wind industry earlier this year by ordering its first wind generator from a U.S. company, Wind Turbine Generators of New York.

Export aid

UK wind companies already have to compete with American companies like Boeing and Hamilton Standard, which have hundreds of hours operating experience. In the market for smaller machines, British companies face competition from Danish and Swedish companies backed by domestic subsidies and export aid from their governments.

Nevertheless, Clare says, McAlpine remains "highly optimistic" that industry will respond to the challenge. But he is equally certain that the nascent wave power industry, faced with an end to government funding, will sink without trace. The cost of putting a one megawatt wave generator to sea would be upwards of £12 million.

This is a research cost that few companies could bear. And without a tested prototype, no foreign buyers can be persuaded to use the technology. Short of a loan from the World Bank, Clare says, there is little likelihood

of a full-scale wave prototype being built either at home or abroad.

This view is echoed by John Soper of Sea Energy Associates (SEA), a consortium including Ready Mix Concrete and Howard Dorris which has already sunk a considerable amount of money into developing the Clam, a device designed at Lanchester Polytechnic in Coventry.

SEA continued the project on the understanding that, if unit costs could be reduced to under 5p a kWh, the government would be prepared to fund a prototype. This target has been achieved, SEA claims, and the company is "bitterly disappointed" that the Department of Energy has decided against further funding.

Soper adds that the chances of overseas sales have been reduced to "virtually nothing" by the Department of Energy's "negative attitude" which has undermined wave power's reputation abroad. "If the UK doesn't want the technology," he says, "there's no reason why anyone else should."

In the meantime, wave power opportunities are being eyed by a Japanese company, Fuji Electric. It has signed a licensing agreement to produce five 100 kw wave generators designed by Queen's University in Belfast and developed with a £250,000 grant from the Department of Energy.

The generators, costing £30,000 each, are expected to be built by the middle of next

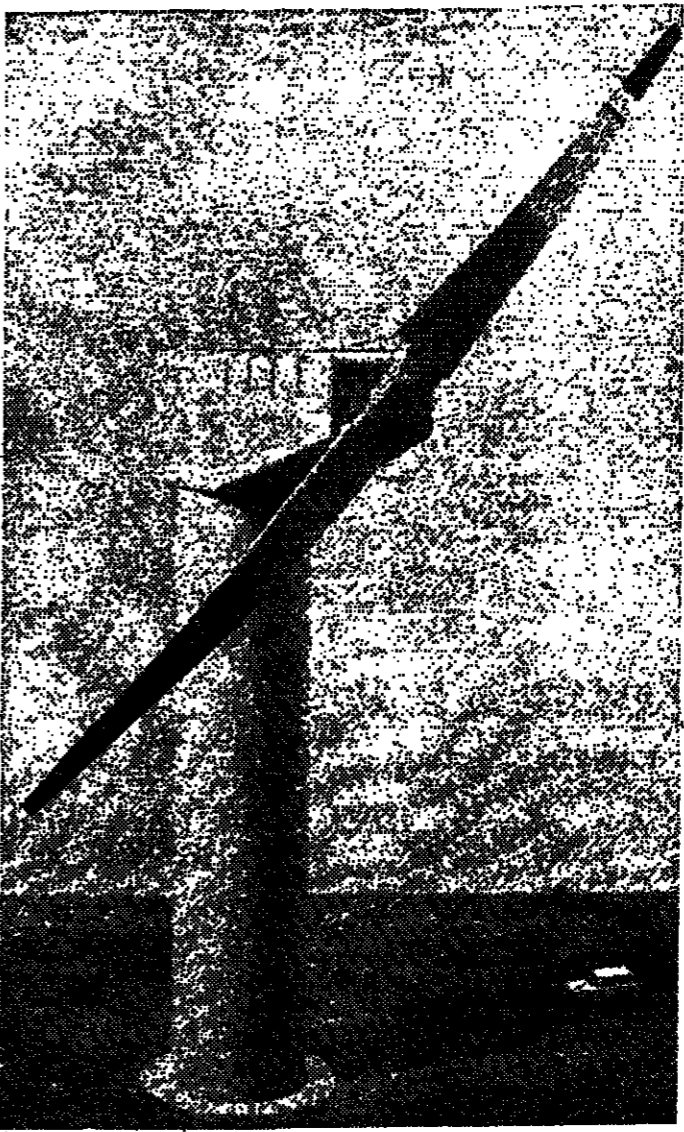
year and will be tested in the Sea of Japan. If they are successful, Fuji is likely to take out a full commercial licence and manufacture a large-scale version.

The device, like several other UK designs, is an oscillating water column. It is fixed to the seabed. As waves pass it, there is a related movement of water in the partially flooded chamber within its structure. This movement forces air out and then sucks it back in, powering an air turbine specially designed for use in the device.

This is a Wells turbine, named after its inventor, former Queen's professor Alan Wells. It is self-rectifying and able to rotate in a continuous mode regardless of the direction of air passing through it. Queen's University licensed Japanese company Ryokuseisha in 1980 to produce self-powering navigation buoys and a prototype has been successfully tested.

The cost of electricity from the device is about 5p a kWh, uncompetitive with gas, coal or nuclear generation, but considerably cheaper than diesel generators. The ironic possibility is that the first electricity from a UK wave device will win profits for a Japanese company.

Japan is one of the few industrialised countries still pouring money into renewable research. In Europe, only France has significantly increased its alternative research spending in the past year.



This model of a 60 metres diameter wind turbine to be built in the Orkneys for the North of Scotland Hydro Electric Board will have a power output of 3MW at a wind speed of 17 metres per second

Communications

Frequency hopping

SWEDEN is to adopt Marconi's Scimitar frequency hopping series of radio for its next generation of military radios. Production is expected to be worth more than £20m in orders to the company which competed against companies such as Racal and Plessey.

The Scimitar family was developed by Marconi for secure net communications in a wide range of environments. Its latest version can hop over all for the frequency band from 30 to 88MHz and the information transmitted is encrypted.

Pump flow

Pressure controls

THE LATEST pump from Rexroth incorporates combined pressure and flow compensated controls. The company says that the pump has a swash plate design and for open circuits can be used for mobile, machine tool and industrial applications.

It is available in three sizes with 25, 40 and 63 cubic cm displacement with a peak pressure rating of 250 bar. Further information on 0480 76041.

Military radio

Marecs satellite

THE SECOND Marecs satellite—which will provide the new global maritime communications service—is now on its way to the launching pad following tests by British Aerospace, its builder.

Marecs B is scheduled for launch on September 10 to provide the communication link between shore stations and ships sailing in Pacific waters.

THIS COLUMN is often savagely cut by scissors; not in the hands of some insensitive subeditor but by readers keeping an eye on the business implications of what I sometimes write. Today, I predict, more hands than usual will be reaching for the scissors because the theme is statistics—and everyone in the film, video, television business is currently in a catatonic state about statistics.

The top ten figures everyone wishes to know are something like as follows: how many video recorders are there in the UK, U.S., rest of the world; how many video disc players in the U.S.; what are the forecast sales for disc players in U.S. and UK; how many pre-recorded tapes sold per machine per year; ditto video discs; and trailing well behind—how many teletext TV sets in UK, and (perhaps) what are the forecasts for broadcast TV/cinema audiences over the next five

years?

Answers to nearly all of these questions are available, some reliable and a few rather suspect. To avoid further suspense, I offer the best data I have available: video recorder populations mid-1982 in UK, about 2m; in U.S. nearly 4m; rest of the world, over 18m. Video disc player population of U.S. (mid-1982), about 210,000; forecasts for disc players—cumulative population in U.S. by 1985 over 5.5m, in UK over 800,000.

Annual sales of prerecorded tapes per machine (at present) somewhere between two or three; discs, about 20 to 25. Estimated UK population of teletext TV receivers, about half-a-million. Forecasts for broadcast TV/cinema audiences—it depends entirely on who you listen to.

For those in search of statistics, that was the good news. The bad news is that since I did not personally go out and

count all of those players, cassettes, discs and TV sets, I cannot vouch with certainty for any of this data—and nor, I suspect, can anyone else.

That, of course, is the problem in market research. The video recorder population figures are certainly fairly reliable; but what does one do when one UK trade body produces figures suggesting that only 1.5 prerecorded cassettes per machine are sold each year—and a leading tape manufacturer claims it is six per year? In fact, what I do is a little old-fashioned guesswork and

Video and Film

Business in a catatonic state over statistics

BY JOHN CHITTOCK

character assessment—hence my figure of something between two to three.

For those whose appetite for statistics remains unsatisfied, there are plenty of reference sources if you know where to look. Some arrive as newsletters, and there is the never ending flow of special reports. The latest, from Euromonitor, is titled Television in the New Era (price £95.00). This is largely a collection of UK statistics on television—very useful to have at one's elbow if it contains the answers one is seeking. But I note that of my own

ten top questions, very few indeed are tackled—although partly because the report confines itself to the UK. My own teletext estimate is extrapolated from their figure, so I hope it is more accurate than their claim that "as many as 1.5m homes (in UK) are currently served by cable (TV)". In fact, the more commonly quoted figure is 2.6m—the 1.5m figure is the number served by community systems; but another 1.1m subscribers are connected via master antenna systems in blocks of flats, hotels and so on.

All of which underlines the

problem of semantics. In fairness to Euromonitor, it may depend on what you mean by cable TV. There is even confusion these days over the precise meaning of "television"; last week's new drama award announced by Channel Four, the Royal Court Theatre and Faber and Faber is for first-time plays performed on the stage or television—but when I asked if this included video, nobody knew or had considered the point.

Nonetheless the broadcasters are, in many cases, very conscious of the differences between video and television—as witnessed last week by guests at the first birthday party of Thames Television's video company. No low profile occasion was this, with not only main board MD and directors present but TV/video stars such as Benny Hill and Eric Sykes. Returning to the statistics,

however, I must sound a note

of caution about video euphoria. With the news that the Home Video group (now joined by Mr Jack Gill) is seeking £5m from the City—and other stories like that easy to find—is the video business bringing another licence to print money?

For those careful enough to back the right projects, maybe. But one of the most unerving statistics of the year surely has been the claim, from Audits of Great Britain, that only 50 video titles have accounted for 90 per cent of all business. Good news perhaps for the copyright owners of the 50 titles—and for video duplicating companies such as Rank Plicom who last week announced negotiations for the purchase of one million blank cassettes to service next year's orders. But what about the other 4,950 titles which some estimates suggest may be the number now in circulation?

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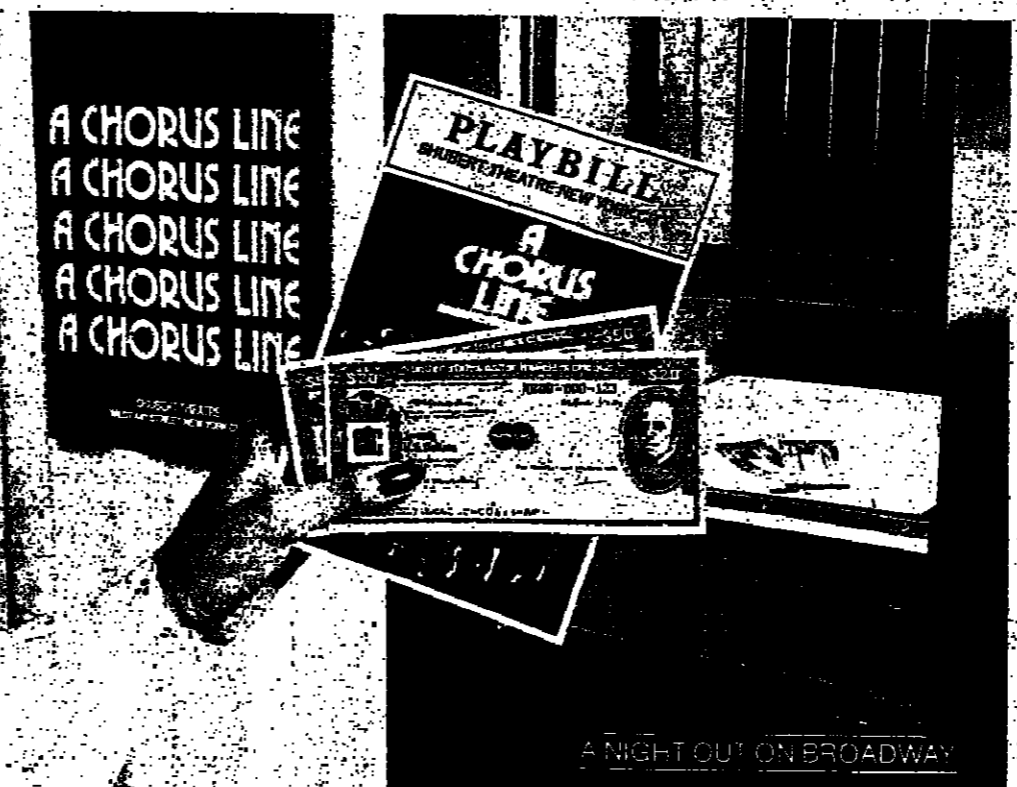
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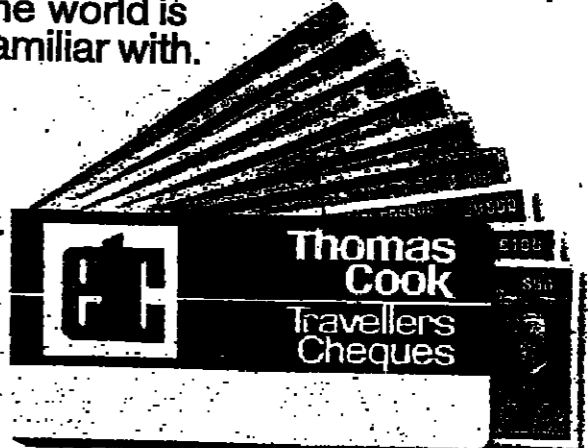
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FINANCIAL TIMES SURVEY

Tuesday, July 6 1982



Left to right: Tyneside Metro; France's TGV (Train a Grande Vitesse); British Railbus; Japan: first computerised transport system and monorail

The energy crisis and pollution have spurred fresh thinking about more economic and cleaner methods of travel. Integrated rail and bus services also help to cut down the use of cars

Advanced Transport Systems

Public transport enters new era

BY HAZEL DUFFY
Transport Correspondent

THE ENERGY crises of the 1970s, fast-growing urban populations in developing countries, and the growing realisation in the developed world that the motor-car in its present configuration is an outmoded method of urban transport, have all combined to give a new impetus to the development of efficient and comfortable public transport systems.

At the same time, there is renewed emphasis by the manufacturers of cars and commercial vehicles to come up with solutions to meet the rising cost of energy. So far, they have had only partial success. The resources needed to meet this challenge are being found largely within the private sector. In contrast, investment in public transport systems depends to a much greater extent on the priorities accorded to transport by governments.

The impetus to improve the efficiency of public transport in the developed world has sprung largely from dissatisfaction with the limitations of the motor vehicle. Even in countries which have invested heavily in fast, modern highway systems, the need to provide alternative means of transport to meet the growing demand for passenger mobility has had to be recognised. In urban areas, the sheer difficulty of moving around towns and cities since the growth of car ownership has made the improvement of public transport systems a necessity.

The classical solution to urban transport needs, where the bus has obvious limitations, has been the Metro, technically known by the transport industry as rail and rubber-tired rapid transit systems. There is nothing new about this solution. The London Underground started in the 1860s, closely followed by New York, and in the early years of this century, by the major European cities.

In spite of the heavy capital investment and disruption dur-

ing construction which is demanded by Metro, their popularity has shown no signs of easing off in the post-war period. In fact, nearly 50 cities throughout the world opened Metros during this time, and the implementation of current plans means that they will continue to open at the rate of about two a year throughout the 1980s.

In cities which have experienced rapid population explosions, such as Mexico City and Sao Paulo, the planning of a new Metro system can supersede other transport considerations. In those European and North American towns and cities which did not previously have a Metro, they have been planned to integrate with existing railway lines, with all the advantages of modern interchanges, automated signalling, and rolling stock. In cities such as New York, Paris, and London, new lines have had to be grafted on to existing systems.

As alternatives to Metros, several relatively new concepts of transport have been introduced. The Tyne and Wear Metro in the Newcastle area is one of the most exciting examples of a light rail transit system as a solution to the needs of a city which did not need a high-cost, predominantly underground metro.

A light rail transit system is also being proposed to provide

transport links for the docklands development area in East London, where it would use existing rail rights of way relinquished by British Rail.

Other systems of urban transport which are in various stages of development and use, include automated guided transit modes, which are used increasingly for short hauls; monorails and guided buses, where the West German manufacturer, Daimler Benz, has undertaken considerable research. The advantage of the latter system, which is in use on a short stretch in Essen, is that it can serve as an ordinary bus in a suburban area and then as a guided bus on a narrow right-of-way in areas where traffic is much more concentrated. It seems unlikely, however, to provide a solution for the high volume needs of major cities.

Energy efficiency is a major

advantage of most surface public transport systems over the motor car, although the benefit is much more marked in urban than longer distance transport. But the railways, have to be in on offering passengers the advantages of speed, simplicity and comfort as an alternative to the private car, which still retains the advantage of flexibility.

If they are to succeed, railways must demonstrate that they can offer comfort, cleanliness, punctuality, at a competitive price. Electrification of railways is one method of achieving efficiency on high density routes, but considerable improvements in operating costs and passenger comfort can also be derived from the use of modern diesel multiple units. These units will continue to be the workhorses of much of the commuter and rural lines of

railway networks around the world.

The race being pursued by the railways is for the prestige high-speed train which will become the basis for fast, inter-city traffic of the future. The Hikari train on the Shinkansen lines in Japan has a scheduled speed of 210 km an hour; the world speed record is held by France's new Grande Vitesse (TGV) on a specially constructed track built between Paris and Lyon; while the prototypes of Britain's Advanced Passenger Train (APT), with a top speed of 155 mph (248 km per hour), are still being tested before they can be introduced between London and Glasgow.

British Rail's very successful High Speed Trains have not been followed up with the same success with the APT, and there are fears that it might never overcome all its technical difficulties at the sort of cost where it would be economic to bring it into service.

In the meantime, Japan, while opening two new Shinkansen lines, is working on the Maglev (magnetically levitated) vehicle technology that it believes is the train of the future. The Maglev floats 10 cm above a concrete guideway or track on an invisible cushion of electromagnetic force created by the repulsion of magnetic fields in the vehicles base and along the track. Enormous speed benefits

are being forecast. Tokyo to Osaka in one hour, for instance, instead of the current 3 hours 10 minutes, while maintenance costs and noise reduction are high on the list of advantages.

Such systems require enormous capital expenditure and development costs, but they might well hold the key to the continuing attraction of railways in the future. When the problems of reaching airports from city centres are taken into consideration, the advantages over relatively short distances over air transport are substantial.

High-speed links

In the U.S., for long known as the most car and air conscious of countries, the attractions of railways are re-asserting themselves. Studies are being undertaken on the possibility of building high-speed corridors between cities such as Los Angeles/San Diego; Miami/Oriando/Tampa; and Dallas/San Antonio/Houston.

While equipment innovation and development affords substantial improvements in transport systems, advances in control, ticket systems and signalling which have been made possible by computerisation are also a key element in the promotion of reliable and efficient transport. Computer control of British Rail's freight network, for instance, which has been in operation for several years,

enabled big advances to be made in the efficiency level at which the network operates.

Advanced signalling systems, although very costly, are an essential element in the modernisation of railways, both over and under ground. Such systems can be run with fewer staff than has been traditional in transport. Some underground trains are equipped also to run without any crew, and development work is well advanced on guided buses to permit total automation.

One of the key advantages of public transport over private cars is its superior safety record. Although the occasional major disaster is bound to happen, the accidents associated with public transport are only a fraction of those that occur on roads. The safety element is one to which all development work on advanced systems pays very close attention. The more sophisticated the control of such systems, the higher the safety factor.

New transport systems being installed around the world are mostly of a more evolutionary than revolutionary nature. The advances in high speed rail travel are more exceptional, however, and emphasise that this mode of transport, which had been regarded in some countries as too inflexible, has shown itself to have an exciting future.

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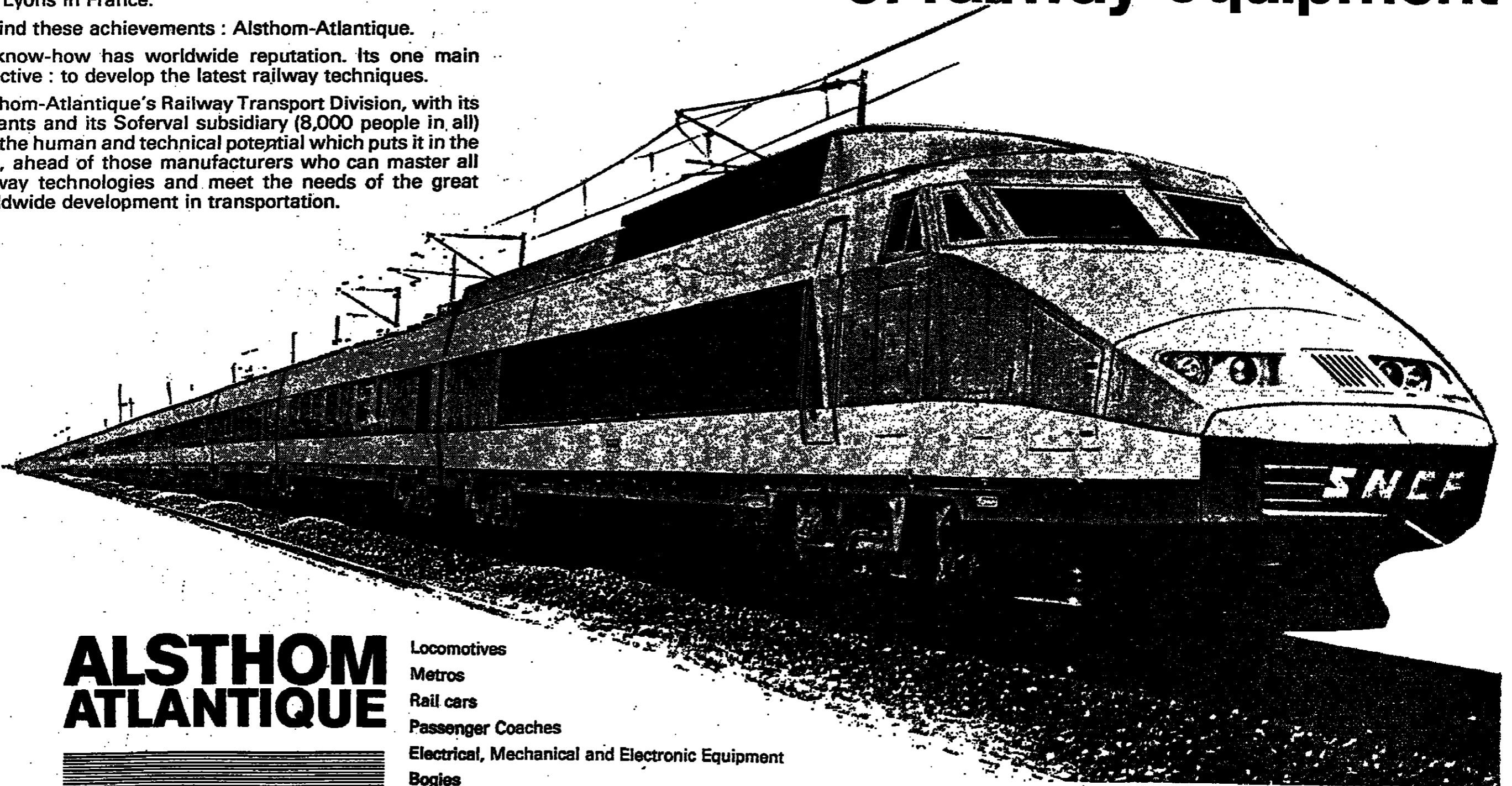
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ADVANCED TRANSPORT SYSTEMS II

Car commuters switch to the Tyne Metro

THE SHOWPIECE of the UK's advanced transport systems has to be the Tyne and Wear Metro, opened by the Queen last autumn. It has given the commuters of Newcastle and Gateshead a glimpse of how modern transport systems can regenerate industrial growth.

In addition, the Tyne and Wear Metro — a light rail rapid transit system — has attracted interest from all over the world. Representatives of more than 20 countries have come to Britain to study the Metro and to see a working example of British engineering skills and technology at their best.

The 26-mile rail network linking the North and South of the River Tyne also gives the people of Tyneside the most up-to-date Metro system in the UK and the only public transport system to be fully integrated with the local bus operators.

The mid-70s looked for ways to cut their public sector spending by axing certain investment programmes. The concept for a Metro system on Tyneside developed in the late Sixties as a result of the structural decline in the area's traditional heavy industries, most particularly shipbuilding. What was needed was a new rapid transport system to enable a mobile workforce to be employed in a number of new light industries.

Groundwork

The groundwork for the Metro was established by the 1968 Transport Act, which opened the way for the Government to give grants for public transport investment on the same basis as for investment in the roads.

The first specific stage in the Metro plan, however, came in 1969 with the commissioning of a land use study, the Tyne-Wear Plan. The aim of this was to pro-

duce a strategy for transport in the region which would look ahead to the mid-1980s. Options ranged from substantial investment in roads with little public transport, to a heavy injection of public funds into public transport. It was this latter option which was eventually adopted and which eventually led—in 1973—to an Act of Parliament authorising construction.

Had the plans been delayed any further, then it is doubtful if they would have gone ahead since, by 1976, the Transport Secretary (then Mr William Rodgers) was fighting for the Metro's life in the face of pressure from the International Monetary Fund for such projects to be axed. The Metro was saved, according to Mr Rodgers, because of the "fact that it is an existing project and means so much to the North East."

The Metro was developed out of the existing, although run-down, British Rail track system and the 600 local

buses operated by the transport executive for the area.

Thus the new Metro upgraded some 26 miles of BR track and undertook eight miles of new construction, including underground work and a bridge over the Tyne. The original cost was put at some \$65.5m at 1972 prices, but this rose to about \$227m by the time it was opened last year.

The network has made use where possible of existing routes or areas. In addition to taking over BR routes, the Metro uses a former freight line in the north-west of the area. In Byker, an inner suburb of Newcastle, a re-assignment of rail track has been made along an earlier route for a motorway which had been abandoned in line with the new transport policies for the area.

The Metro has become Britain's most productive rail network with a total of only 51 staff a shift to run 74 Metro-Cammell light rail train cars. Each of the 41 stations

are unmanned, apart from a roving band of 10 inspectors, each covering four stations.

The first two phases of the Metro system opened in August 1980, when services started between Haymarket station, in the centre of Newcastle, and Tyneside—via the northern loop through Jesmond.

Quicker

Four months after the opening, a study showed that the Metro was carrying some 150,000 passengers a week. Almost two-thirds said it was quicker than by other means, and 12 per cent used the Metro because it was more pleasant.

The second phase came into operation last summer, and linked Kenton Blank Foot (north east of the City on the proposed route to the airport) with Haymarket by the Regent Centre interchange, where passengers can alight from buses directly on to the station.

Phases three to six of the

Metro have either been completed or should be in the next few years. Phase six, for example, will complete the link from Newcastle via Gateshead and Heworth to South Shields by the mid-1980s.

The Metro "supertrams" are expected to carry some 40m passengers a year by 1983. There are no station staff for the 41 stations. All tickets are issued by machine. The tickets are also valid for the local buses, which account for 40 per cent of all passenger journeys a year in the region.

More than 10m passengers have used the Metro system since it first came into operation. Surveys show that some 11 per cent of private motorists have switched to the Metro for commuting—a trend that is already beginning to justify the expenditure on Britain's most advanced rapid urban transport system.

David Churchill

Automated computer-controlled vehicles may help to overcome traffic congestion

Improving the bus service

INCREASING TRAFFIC congestion in cities over the past few years has demoted the role of the bus as a means of efficient public transport. Nevertheless, the bus has an important role to play, both as a prime mode of transport in city centres and as feeders to metro and commuter lines in suburban areas.

But manufacturers are increasingly addressing themselves to the problems of minimising the pollution and energy consumption associated with buses, while developing vehicles which can accommodate passenger volumes required at peak periods. More advanced systems involving automated, computer-controlled vehicles are in limited use in Japan and France.

In West Germany, development work is progressing on guided buses as part of the O-Bahn system patented by Daimler-Benz which can double up as vehicle trains where necessary. A limited section of the system is in use in Essen, and has been ordered by the Regensburg transport authorities.

A longer stretch of the system is to be built in Adelaide, south Australia. In the UK, a magnetic levitation system is being built for the more specialised needs of an airport (Birmingham), and similar systems are being developed in several other countries.

It will only be in the testing of these advanced systems in predominantly urban conditions that the success ratio will be proven. The needs of most transport authorities and bus operators, however, will continue to be met by more traditional buses, although technical advances to make these more efficient and more comfortable are being undertaken.

Labour costs are a very significant element in the total cost of transport operations. This consideration has led to the widespread introduction of buses which are suitable for one-man operation, incorporating in some cases closed circuit television to enable the driver to oversee payment of fares, control of doors at the middle and rear of the bus, etc. The increasing acceptance of articulated buses reflects the need for high volume transport which can be operated by a single operator.

The articulated bus is used

extensively in certain European countries and in the U.S. Manufacturers include Magirus-Deutz, which introduced a vehicle two years ago that can accommodate up to 172 passengers; MAN, the West German company which has opened a plant in the U.S. to make articulated buses for that market; Volvo, the Swedish group, which also offers transport planning and consultancy services; and Daimler-Benz.

Double-decker buses retain their popularity in some cities, although they have not proved suitable in all cases. In the UK, where double-decker buses are widely used in London and other cities, Leyland introduced the Titan integrally constructed, rear engine bus, which was seen as a big step forward in providing a low maintenance vehicle that offers a high degree of passenger comfort. It was designed initially with London Transport as the major customer, but Leyland is now producing export models.

Metrobus

Metro-Cammell Weymann is the other major UK manufacturer of buses. The Metrobus being in direct competition with the Titan. The Metrobus was designed to comply with all current and forthcoming EEC legislation on such considerations as pollution, noise, braking performance, safety, ease of passenger access, etc.

The bus offers a good deal of flexibility to the traveller, and requires much less capital outlay than other modes of urban transport. A major drawback to the efficient operation of buses, however, arises from the difficulties of keeping to schedules when city streets become increasingly congested at peak times. Some help can be gained from the designation of bus lanes, and more precisely by putting the bus on guided tracks. In addition, the growing sophistication of control systems which permit contact with the driver have led to improvements.

In other situations, for instance, at airports, the bus offers the most convenient method of transporting travellers without the expense of specially constructed conveyors or transporters.

Hazel Duffy

Munich goes for integration

THE MUNICH urban transport system has earned a reputation as one of the most efficient and well-planned in Europe. The city's transport consisted of rail commuter lines, streetcars, and buses; the staging of the Olympic Games in Munich provided the spur to create a modern, integrated system which was designed for the needs of a growing urban population.

The U-Bahn, designed to provide the connection between the two railway stations and a north-south link, is the core of the system. It provides modern interchanges for commuters arriving from outside the city by train, or by the S-Bahn light rail network which was finished last year. The buses, all single-decker one-man operations, feed into the U-Bahn and S-Bahn stations, and passengers use the same ticketing system for all modes.

Stations have been designed to include shops in the entrance precincts, and the stations them-

selves operate with a minimum of personnel. There is no collection of tickets, fare evasion being checked by inspectors on the trains on a random basis. At central U-Bahn stations, separate platforms are used for passengers disembarking and embarking on trains.

Munich provides a good example of the advantages with which a well-planned system is endowed. It demonstrates the benefits of a new system, using modern rolling stock and a signalling system which allows continuous automatic control of trains. The organisation of the system and its operation are in separate hands, leaving the MVV—Munchener Verkehrsbund—to organise the supply of transport, routes, tariffs, timetables, while the day-to-day operation is with German Federal Railways and the City of Munich. This permits planning in line with the needs of the city and its surrounding areas.

H.D.



British Rail's Advanced Passenger Train (APT) shows off its famous tilting curve.

Smoothing out the ride on the APT

BRITAIN'S 155 mph Advanced Passenger Train (APT) was a brave attempt at bringing high speed rail travel into being without needing heavy investment in special track. The concept, however, is quite different to that developed by British Rail for the successful High Speed Train (HST) and BR designers and development engineers have come up against numerous problems which have prevented the train being introduced into regular service so far.

The unusual feature of the APT is its tilt mechanism, which should enable the train to take corners between 20 and 40 per cent faster than conventional trains, but it has also proved the most challenging technical problem which has yet to be solved. BR explains that the train's sensing system, which detects bends and tilts the train to take them at high speed, "occasionally blocks, falls and locks in position." The effects on some passengers have been far from comfortable, and quite clearly BR has to overcome this if the train is to meet with passenger acceptability.

Full tilt

More seriously, if the mechanism failed and locked when a carriage was in full tilt, it went into an opposite curve and could encounter a fully tilted carriage in the other direction on some stretches of the track. Although the most serious worry of both trains lurching towards each other at a particular point was ruled out on the London-Glasgow route because the two tracks never come that close together, the problems encountered with tilting have been one of the biggest factors in holding up the implementation of the APT into service, although the engineers working on the APT say that "nuts and bolts" problems have been the most serious delaying factors.

Certain engineering features

of the APT have been dropped, since BR's attempt to bring it into service last December. The decision not to run the APT at speeds above 125 mph says BR has made the hydrokinetic braking system unnecessary. Other modifications are expected to include the abandonment of the shared bogies, which have proved inflexible, when one coach needs to be taken out of service. These coaches will be replaced with "self-steering" characteristics to "ensure a smooth ride."

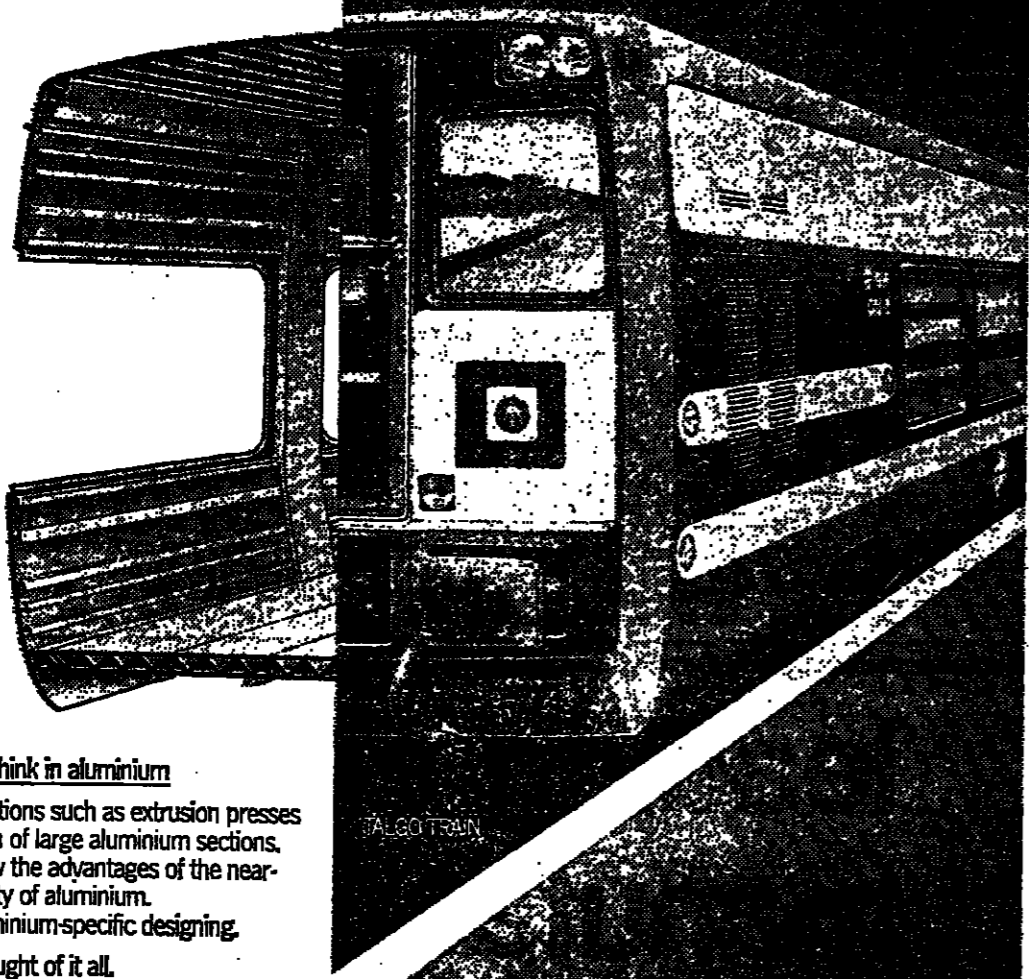
The development of the APT to the stage where it is ready to be put into commercial service has been held up by a variety of factors, not least of which is money. While French Railways spent more than \$800m on the new TGV passenger train, requiring specialist double track between Paris and Lyon, the APT programme has cost probably less than a quarter of this amount. The cynics, however, might say that the TGV is working, and the APT so far is not.

If BR can finally get the problems sorted out, however, the APT could clearly present a challenge to the much longer established Japanese high speed trains and the much more recent French solution. The use of lightweight aluminium in the construction of the APT and the emphasis that has been put on fuel-saving techniques means that the cost of running the APT is substantially less than its competitors, while the capital cost — without the special track required by the TGV — is very much less.

Before the APT can be seen as acceptable in world markets, it must first prove itself on its home ground. Given the financial constraints within which BR is having to operate, this could be some time yet. Not until the APT is technically passed will BR ask the Government to sanction investment in a fleet of APTs.

H.D.

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ADVANCED TRANSPORT SYSTEMS III

Driverless train comes to Lille

The metro system currently on public trial in Lille is claimed to be the first of its kind destined for use in a major urban centre to be run with neither driver nor conductor—and in any case the first driverless train to be seen in Europe.

This ghost-train is at the moment open for three days a week, for free, between four stations covering two miles at the eastern end of the line. Running on rubber tyres on a concrete track, and costing (so it is hoped) a little less than the equivalent of £200m, Lille's first metro line is due to be opened commercially next March, with the full eight-mile track—a way are running through the city centre, part underground, part ground-level, part overground—completed by the end of 1983.

The authorities are counting on its being used for 20m passenger journeys a year.

Lille becomes the third French city outside Paris to have its metro, after Marseilles and Lyons. All are different. In Lyons they made the metro extra-wide and luxurious. In Lille they are making it light and narrow, in a bid to reduce both cost and disturbance factors.

The VAL (Light Automatic Vehicle) system—France's answer to automatic systems already developed in the U.S.

and Japan—is the first metro venture by Matra, the arms and electronics group, which is also a 50 per cent partner in the operating company.

It adds to the range of French expertise in this field, which has already brought a series of overseas contracts. Sotretu, export arm of the Paris RATP transport authority, has been involved in metro projects in Atlanta, Caracas, Rio de Janeiro and, with less luck, in Tehran. It is currently working in Mexico and contracts have recently been signed for Cairo and Algiers.

"For us," Matra says with relation to the VAL, "it is capital to be able to export it." The main hopes are pinned on the U.S., where cities such as Los Angeles and Detroit have shown interest; but Matra says it has also been talking in the UK.

Well-proven ideas

Clients are likely to hold back, however, until the Lille system can be seen in full operation. The manufacturers emphasise that it is really just a combination of well-proven ideas and is not really revolutionary.

The basic principle is to have a succession of short and frequent trains. The trains, with 55 per cent seating capacity, are just two carriages long, a total 26 metres in length, 2 metres wide and 3.25 metres high—rather like articulated trams. They run



The Val system on the Lille Metro

on pivoting axles rather than bogies. The track is made of prefabricated concrete, with the electrical supply coming from lateral guide-bars.

Normal top speed is 37 mph but the trains can go up to 50. The track is divided into sections; each train entering a section automatically stops the next train from going in.

Stations are equipped with television cameras—all linked to the central control post, the hub of the electronic operation.

The system is claimed to bring substantial energy savings against other metros.

Lille has been able to meet the investment cost thanks partly to a state subsidy, plus special loans. About 20 per cent of the cost comes out of the transport levy which Lille employers have to pay.

The project has had numerous opponents—mainly on the grounds that the money could have been better spent. But surveys carried out during the first weeks of public trials show a large degree of public satisfaction, even if some passengers are a little worried that nobody is driving.

David White

France's TGV plays it straight

FRANCE'S pride and joy, the sleek orange TGV, has been in regular service from the Gare de Lyon for almost a year, time enough for the quiescent kind of passenger to get used to the sensation of soft suspension and 160 mph travel.

The French adopted much the same approach to the high-speed train as Baron Haussmann did in the last century when he drove boulevards through Paris. No messing around with sophisticated tilt mechanisms; they solved the problem of bends by building a line without one.

The special TGV track, as straight as it could be without cutting through the best vineyards on the way, will top 56 miles off the Paris-Lyon run when the last sections are finished.

The TGV set up a world rail speed record of 235 mph in February last year and was inaugurated by President Mitterrand in September, five years after the start of work.

From the early 1960s the French toyed with various high-speed projects, including a futuristic air-cushion design, but in the end opted for a more classical train.

With fares the same as on ordinary services—but for compulsory seat reservation, for which automatic machines are provided—the TGV is run on the lines of an inter-city air shuttle, a resemblance which goes as far as meals on trolleys served by hostesses.

The trains, built by Alsthom-Atlantique in collaboration with other French companies, each have two locomotives, five second-class and three first-class carriages, with an innovative bogey system linking the coaches. The high speeds required welded rails (except at viaducts), linkages between the two tracks to allow a train to pass at speed from one to the other, an electronic system of dashboard signals, and even a special evacuation system for the toilets.

So far 55 trains are in service and another 42 have been ordered. Alsthom is putting them out at the rate of two a month.

Overall, the Paris-Lyon TGV has cost some FFr 10bn or £850m, but the SNCF rail authority reckons it would in any case have had to spend a quarter of that sum on renewing existing stock.

Passenger traffic between the two cities—the densest rail route in France—has doubled to 14,000 a day since the TGV started. SNCF surveys suggest that 5,000 are "new" passengers, including 1,000 who previously travelled by air.

Travel time, which used to be 3 hours 50 minutes, has been cut to 2 hours 40 minutes and will be down to 2 hours by the end of next year when the special track is completed. TGV services go on past Lyons to St Etienne and branch off by way of Dijon to Besancon and Geneva. The introduction of summer timetables in May brought the TGV to Montpellier and Marseilles.

But not everyone is happy. M Gaston Defferre, Interior Minister and mayor of Marseilles, has complained about getting a "discount TGV." The reservation system tests some people's patience and an ordinary track the trains cannot go much above 100 mph without severe rolling.

A second TGV line is already in the planning stage, starting from the Gare de Montparnasse and forking near Chartres to Le Mans and Tours. The northern arm of the "Y" would lead on towards Brittany, the southern arm to Bordeaux.

M Charles Fiterman, the Transport Minister, who is an enthusiast of the "return of the train," is already talking about a possible Paris-Brussels-Cologne link-up. Two export hopes have also been mentioned—in Brazil, linking Rio de Janeiro and San Paulo, and in South Korea, linking Seoul and Pusan. But for the French rail industry the TGV is more of a prestige symbol than a sales prospect.

D.W.

Save Fuel-Drive Steyr

The highly modern commercial vehicles of the STEYR-Plus-91 truck model series are a combination that meets the ever more pressing demands for thriftiness and high performance, for a proper relationship between costs and benefits or, in other words, for greatest efficiency and economy. This is proved time and again by tests conducted by international trade journals both as regards daily use on construction sites and in short- as well as long-distance haulage operations.

The entire technical design concept makes full allowance for the paramount demand for thriftiness: every truck of the STEYR-Plus-91 model series is built in accordance with modular design principles, with every detail closely adapted to provide the optimal relationship between performance and

consumption: in-line- and V-engines, the chassis frames, driver's cabs, power trains, wheelbases, suspension systems, front- and rear axles, auxiliary drives etc. This not only results in a particularly efficient and versatile range of commercial vehicles, but also in exceptionally fine service.

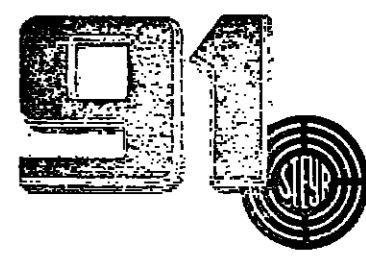
The necessary technical preconditions for extreme thriftiness are provided by greatest possible reduction of internal friction in the engine, improved design of the piston rings and consequent reduction to only 3 rings, precision-honed cylinder liners, nitrided crankshafts, the use of Visco-fans, turbo-superchargers, charge cooling etc. The improved combustion process also results in improved ecological conditions.

STEYR-Plus-trucks of the Model Series 91 are supplied up to a g.v.w. of 32 tons or a gross train weight of 38 tons, engine outputs up to 235 kW (320 hp), transmission options and axle ratios for all operating conditions, 2-, 3- and 4-axle models in the versions 4x2 to 8x4, trailed and leading rear axles, 2 steered front axles etc.



Steyr Plus 91 truck model series

Superiority becomes clearly noticeable.



Hong Kong's Mass Transit Railway pulling into a station. The system is now two thirds complete

How Hong Kong's MTR found private backing

TWO-THIRDS of Hong Kong's 5.2m population live and work in 40 square kilometres around Victoria harbour, the highest-density population zone in the world.

Traffic jams are the rule rather than the exception. The Hong Kong police only issue congestion warnings when traffic speeds fall to two or three mph—a leisurely walking pace. Yet on bad days, up to 50 such warnings may be issued. Even now, less than one in five Hong Kong households has access to a car. As the Transport Secretary Mr Alan Scott recently remarked, compare that with Britain's 60 per cent household car access, and the implications are "unthinkable."

That situation above ground helps to explain why the Hong Kong Government has been willing to commit itself to the construction of a Mass Transit railway below ground, now two-thirds complete and with HK\$ 4.7bn of government equity backing. Other forms of public transport—trams, buses, ferries, —are privately-owned.

Caution in funding

The Government is cautious with public-sector funds, and the MTR caused much heart-searching through its planning stages. It was originally proposed as a general transport planning study published in 1967, and had to survive vigorous criticism at senior levels before the system finally opened in 1979. But survive it did, and it provides one million passengers each working day with a welcome alternative to the bumper-to-bumper traffic above ground.

The two sections of the MTR so far completed are the original "modified initial system" and the Tsuen Wan extension. The MIS starts in Central district on Hong Kong Island, goes under the harbour, and then snakes eastwards to Kwun Tong. The Tsuen Wan extension runs from Tsuen Wan in north-west Kowloon to join the MIS at the southern tip of Kowloon and then on to Central.

The Tsuen Wan extension—10.5 kilometres long—was opened in May this year, six months ahead of schedule and within its HK\$ 1.1bn budget. The

third leg of the system, the Island Line, is now under construction. The projected cost of this 12.5 km line is HK\$ 1.1bn, and it will run along the north shore of Hong Kong Island itself, connecting Central with such high density residential zones as Causeway Bay and North Point.

The road corridor beneath which the Island Line will run is one of Hong Kong's most notoriously congested routes, with surface passengers sometimes finding their journeys into the business district taking an hour or more.

Further extensions to the line are under consideration. The MIS may be extended beyond Kwun Tong to a potential new town at Junk Bay and preliminary ideas are being floated of a new cross-harbour line at East Kowloon.

The system has been vested in a Mass Transit Railway Corporation, set up in September 1975 and chaired by Mr Norman Thompson. While all the MTR's equity backing comes from the Government, it has gone into partnership with the private sector to finance construction of sections of the system.

Where construction of a new station will yield an attractive potential commercial development above ground—in practice a few of the mainland stations and all of the Island Line ones—property companies have been invited to tender for joint venture participation with the MTRC. The private partner builds the MTR station as an integral part of his overall development, pays for the whole project, and then splits with the MTRC profits arising from the commercial element of the development.

The arrangement may sound a little lop-sided, but Hong Kong's high property prices have made such schemes attractive to the private sector even though they must carry the cost of building the station. In particular, the arrangement has so attracted one local property, Hang Lung, that it is leading consortia which have snapped up all nine sites of the Island Line developments so far let.

The commitment of the Hang Lung consortia is a massive HK\$ 10bn, of which the company's own attributable share is roughly one-third. Hang Lung's

financial appetite raised eyebrows in Hong Kong as it won site after site. Since those tenders were made, there have been muttering among rival property developers that the nature and timetabling of Hang Lung's commitments have proved more favourable than other bidders had expected.

The MTRC, however, has been at pains to point out that the tendering and timetabling have been procedurally correct, and Hang Lung remains delighted with its coup despite a downturn in the Hong Kong property market which has made new developments in general a less attractive prospect.

Cash surplus

Financially, the MTR made a net loss of HK\$491m in 1981, slightly less than its HK\$ 504m loss in 1980. But chairman Mr Thompson reported when the MIS had yielded a cash surplus in recent months, and he hoped the two lines together would be at least breaking even in 1984.

Riding the MTR is a pleasant experience, particularly to travellers accustomed to the squalor and delays of London, and the squalor and violence of New York. Journey times are swift, fares are low. The average weekday fare at the end of 1981 was HK\$ 1.86. Fares had risen 20 per cent in May 1981, but the MTRC has been promoting the use of discounted stored value tickets, whereby the turnstile reads a magnetic strip on the back of the ticket, subtracts the cost of the journey and returns the ticket. The Metro Cammell rolling stock is quiet and clean.

Government exposure to the MTR includes not only the HK\$ 4.7bn equity injection, but also debt guarantees forecast to reach HK\$ 6.8bn in 1986. The Government's fiscal reserves at the beginning of the current financial year were HK\$ 23bn. But much as accelerated public housing was identified as Hong Kong's pressing need in the early 1970s, so transport threatens to be the critical social provision for the current decade. As a result, though the MTR may have had a controversial birth, its early years are proving its worth.

Robert Cottrell

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THE GIBRALTAR QUESTION

Why the gates stay locked

By Robert Graham in Madrid

WHEN THE Spanish began preparing earlier this year for the reopening of the frontier with Gibraltar, a new road was built right up to the wire border fence. To the bewilderment of the Gibraltarians this new access road was brought to a point on the border some 50 metres from the existing crossing gates with no link on the Gibraltar side. It was even on a slightly different level. The incident sums up the mix of good intentions and misunderstandings that have surrounded—and continue to surround—all attempts to resolve Spain's long standing dispute with Britain over the Rock.

In the space of two years these abortive efforts have been made to reopen the frontier, unilaterally closed by Spain in 1969. Two weekends ago Gibraltarians and residents in neighbouring La Línea on the Spanish side were rumormongering on the latest failure. In Gibraltar the mood was more one of disappointment than anger, while in La Línea the lights were turned off on Friday, June 25, the scheduled reopening date. In a symbolic five-minute protest over what has been long regarded as the sole salvation for this economically depressed area, La Línea's socialist municipality has hit its strongest phase: "Nowhere, in history have the besiegers been the ones so keen to end the siege."



British troops salute lowering-the-flag ceremonies on the Spanish side of the border they guard

Spain felt that it could not get sufficient pre-conditions to satisfy domestic criticism. At throwing away what is perceived here as the main diplomatic card in regaining sovereignty to Gibraltar. More over the Spanish Government is now convinced that the British will not be so restrained, and Mrs Thatcher in comments to Scandinavian TV the week before last certainly gave fuel to these fears.

The November defence review called for a more restrictive use of the armed, day-time only and evening weekend. With an open border and good relations with Spain the need for this small facility with a limited runway would be lessened.

international football stadium which has witnessed one major match and which the municipality no longer can afford to keep up.) The jobless rate is 29 per cent.

Lombard Why Europe is bewildered

BY JONATHAN CARR IN BONN

WHEN President Reagan announced his steps against the Soviet-West European gas pipeline project on June 18 (carefully timed, no doubt, to coincide with Waterloo anniversary day), he said his aim was to advance reconciliation in Poland.

Reluctant

Heaven knows, the Americans can justly complain that the Europeans are hard to deal with. They squabble abominably among themselves and that they often treat the U.S. with disdain—as though they could defend themselves in a real East-West crisis, which is just not true, as any fool can tell you.

Letters to the Editor

Accountants' views of industry's profitability

From Mr J. P. Grenside. Sir—It is unfortunate that the point generated by the present dispute about CCA is distracting attention from the economic realities which confront British industry and which financial statements should help us to see.

this country must know—that the real profitability of British industry has suffered a fearful decline over the period. In fact as the latest figures from the Bank of England show, the pre-tax real return on capital of British industry measured on a current cost basis has fallen almost continuously for the last 19 years, from 11 per cent in 1963 to under 3 per cent in 1981.

know that the CBI are as forthcoming in their support of the pursuit of that truth through CCA as are the Accounting Standards Committee. It is hardly surprising that SSAP 16 has been shown to have imperfections particularly when applied to certain classes of business enterprises—

North Sea oil exploration

From Mr J. Field. Sir—As managing director of NCB (Exploration), at the time that it was taken over by BNOG, may I make a comment on your article of June 10?

Public and private house ownership

From the Director of Shelter. Sir—The Director of the House Builders Federation characterizes you as a leader on housing finance, and the Shelter report on which it was based, as anti home ownership. This is, sadly, the typical response to attempts to engage in rational discussion on this most sensitive political issue.

denounced as already high good economics? And if denunciations were not high without incentives what does that say about people's desire to own? Finally Mr Humber consistently confuses the terms "home ownership" with the description "private sector". This allows him to falsely assert that those who favour less subsidy for home owners necessarily want "more state owned houses". To come to such a conclusion suggests a most inadequate perusal of your leader (none at all of Shelter's report) or a wish to stigmatise any opposition, a tendency not generally associated with those who feel confidence in their arguments.

nation's defence capacity is directly related to its energy resources. If those politicians and their policy making friends amongst international finance and commerce want to hang themselves, that's fine, but the rest of us may well get hanged alongside these myopic gentlemen.

Pipeline from Siberia

From Mr R. V. Mummary. Sir—Lentini once averred that capitalists would supply the rope to hang themselves, and Winston Churchill also remarked: "We are all feeding the crocodile in the hope that it will eat us last" and few truer words have been spoken.

Advertisement for G&C Guinness featuring logos for Woolworth, Plessey, BBC, Hertz, Dunlop, Debenhams, and Bradford & Bingley. The text reads: 'THE SYMBOLS OF OUR SUCCESS'. At the bottom, it says '11 Branch Offices and 28 Service Centres throughout the United Kingdom and the Republic of Ireland. CMC Leasing Ltd and Computer Machinery Company are Microdata Companies.'

Ropner slightly lower for year

PRE-TAX profits of Ropner fell slightly from £5.32m to £5.05m for the year to March 31 1982, on turnover £1.15m lower at £7.66m.

Textured Jersey reduction to £0.65m

THE ECONOMIC recession coupled with increases in raw material and other costs have continued to affect results of Textured Jersey, the Wembley-based knit fabric manufacturer.

Associated Leisure falls 19% but pays more

A HIGH depreciation charge and a continuing difficult trading environment are the main reasons behind a 19 per cent fall in pre-tax profits of Associated Leisure from £4.64m to £3.78m for the 52 weeks ended March 1982.

coupled with the cash inflow from the group's conservative depreciation policy, produced a sharp fall in net interest charges from £399,000 to £401,000.

Following the acquisition of Smiths Happiway, whose financial year ends on December 31, the board has decided to change the group's financial year end to a date on or about the end of December.

The proceeds of these disposals have contributed significantly to the group's improved liquidity. The Berwick Holiday Centre traded at around the levels of the previous year despite a decline nationally in this particular sector of the market.

Still smarting from its beating from Space Invaders, Associated Leisure has been shifting directions. Yesterday's figures show that the cruises from outer space continued to erode earnings in the second half with the result that amusement machine profits dropped by 30 per cent for the year.

comment

Mercury Securities' contingency plans

Mercury Securities, the UK financial group, has prepared contingency plans should French government policy result in the need to change its close links with the Paris-based nationalised banking group.

Mercury Securities, the UK financial group, has prepared contingency plans should French government policy result in the need to change its close links with the Paris-based nationalised banking group.

HARGREAVES GROUP Underlying strength boosts strong profits and dividend recovery

A substantial increase in profit, both before and after tax, has been achieved, partly as the result of the working through of the economies and improvements practised during the past eighteen months and partly because of the underlying strength of most parts of the Group's business.

Salient results at a glance

Table comparing 1982 and 1981 results for Group Turnover (£246m vs £219m), Pre-tax Profits (£4.27m vs £2.52m), Total Dividends (3.6p vs 2.75p), and Earnings per share (8.8p vs 5.6p).

*including exceptional profit of £1.03m.



Copies of the Report and Accounts are available from the Secretary, Hargreaves Group plc, Bowcliffe Hall, Bransford, Wetherby, West Yorkshire LS23 7LP. Telephone Boston Spa 943535.

JERSEY GENERAL INVESTMENT TRUST LIMITED

Financial Highlights for the year ended April 30, 1982: Gross Revenue £1,449,252; Earnings per Ordinary Share (Gross) 10.86p; Dividend per Ordinary Share (Gross) 10.75p; Total Net Assets £22,691,220.

Extracts from the Statement by the Chairman, Mr Maurice Letto

Gross income has shown an increase of 10.9 per cent and net revenue shows an increase of 7.6 per cent. Earnings per ordinary share amounted to 10.86p compared with 10.07p and the Directors recommend a total dividend of 10.75p compared with 10p.

Copies of the Report and Accounts are available from the Secretary of the Company, 21 Broad Street, Jersey, CI.

Second half boosts LRC to record £9m

HIGHLIGHTS

Lex today discusses the Bank of England's experimental M2 monetary aggregate which is designed to measure the balances held by the private sector for transactions rather than investment purposes.

Lex today discusses the Bank of England's experimental M2 monetary aggregate which is designed to measure the balances held by the private sector for transactions rather than investment purposes.

group's existing operations. He adds that with the acquisition of Napcolour and other development plans, LRC is well positioned for further growth in 1983.

have been shaken out and the focus placed on profits derived from both organic and external development of the remaining core activities. Surgery will continue with the closure of the Lidney glove factory in September.

Just over two years ago LRC was in disarray. Borrowings had climbed to over £24m pushing gearing past 65 per cent.

comment

May and Hassell reduces loss

THE BAD winter cost timber importer May and Hassell £2m in lost sales and reduced profits by at least £250,000. As a result the group, which had indicated a return to profit at midway, finished the year to March 31 with pre-tax losses of £660,000, against £1.05m previously.

should lead the company to a profitable year built on its existing business and its organic growth. The associated company, Halnam Group of Nottingham, had another bad year.

After last week's grim results from International Timber and Montage L. Meyer, May and Hassell's figures produce few surprises. The winter's damage and the retained loss means that the company is now 98 per cent geared, an excessive figure even for the timber business.

Wheway Watson cuts losses

CHAINMAKER engineer and forger Wheway Watson Holdings reduced its taxable losses from £1.83m to £793,000 in the year to April 3, 1982, after having cut the losses at the half year from £904,000 to £413,000.

Due to the timing of the annual renewal dates of major contracts the directors have decided to change the year-end to September. This will assist management in budgeting as the contract renewal dates will, in future, be the start of the financial year.

Due to the timing of the annual renewal dates of major contracts the directors have decided to change the year-end to September. This will assist management in budgeting as the contract renewal dates will, in future, be the start of the financial year.

DIVIDENDS ANNOUNCED

Table of dividends for various companies: Associated Leisure (3.7p), Birmingham Mint (7.5p), London Pavilion (Nil), LRC International (2.05p), May & Hassell (1.5p), Ropner Holdings (2.87p), Parkdale Holdings (0.4p), Sekers Ltd (0.96p), SGB (2.3p), Textured Jersey (2.25p), Wheway Watson (0.05p).

Associated Leisure 3.7, Birmingham Mint 7.5, London Pavilion Nil, LRC International 2.05, May & Hassell 1.5, Ropner Holdings 2.87, Parkdale Holdings 0.4, Sekers Ltd 0.96, SGB 2.3, Textured Jersey 2.25, Wheway Watson 0.05

Routledge and Kegan profits down slightly

PRE-TAX PROFITS of book publisher Routledge and Kegan fell slightly from £130,000 to £14,800 in the six months to March 31, 1982, and figures for the full year show profits down from £188,000 to £141,800 on slightly higher turnover of £4.76m against £4.83m.

Parkdale turns in £132,700 for full year

Pre-tax profits of £132,723 for the year to April 30 are reported by Parkdale Holdings, formerly W. Goodkind and Sons. This compares with £49,476 for the previous 16 months, which included a £28,472 loss on a subsidiary sold.

Turnover of this property investment and financial services concern totalled £655,196 (£574,975).

SGB GROUP Interim Report for the half year to 27th March, 1982

The unaudited Group Profit before tax for the half year amounted to £5,166,000 compared with £4,971,000 for the same period last year. Turnover was £71.2m compared with £65.5m last year.

Group Earnings table: Half Year to March 1982 (Turnover £71,194, Profit before tax £5,166), Half Year to March 1981 (Turnover £65,542, Profit before tax 4,971), Year to Sept 1981 (Turnover 139,235, Profit before tax 12,516).

SGB GROUP plc, Mitcham, Surrey CR4 4TQ. Interim Report for the half year to 27th March, 1982.

M. J. H. Nightingale & Co. Limited

Table of stock prices and dividends for various companies: High/Low/Change, Company, Price Change, Dividend.

THE TRING HALL USM INDEX 124.5 (-0.2), Close of business 5/7/82, Tel: 01-635 1591, BASE DATE 10/11/80 100, LADBROKE INDEX Close 544-549 (+5)

Handwritten signature: April 1982

SGB profit up to £5.17m so far

TAXABLE PROFITS of SGB Group, scaffolding and plant hire concern, rose from £4.97m to £5.17m in the half-year to March 31, on turnover £5.65m ahead to £7.19m.

Britannic enters the unit-linked life field

BRITANNIC ASSURANCE, the Birmingham-based home service insurance company, has entered the unit-linked life field with the launch of a single premium bond.

Vanbrugh growth slows

Vanbrugh Life, the Prudential Corporation's unit-linked life subsidiary, failed to match up to last year's high growth rates. New annual premiums were slashed from £6.5m to £4.4m, while single premiums declined slightly from £18.8m to £19.4m.

Evans & Owen pays 2.5p

An increase from £92,000 to £114,000 in pre-tax profits is reported by Evans & Owen, the Bristol-based fashion boutique, for the year to March 31 1982. The company is to pay its initial dividend of 2.5p. Turnover moved ahead from £2.52m to £2.58m.

Russell Bros (Paddington)

Russell Brothers (Paddington), the shopping, specialist joinery and exhibition contractor, showed a pre-tax loss of £79,735 for the year to February 28, 1982, compared with a profit of £33,076 previously, on turnover reduced to £1.36m, from £1.71m.

Highgate & Job £0.26m in the red at year-end

Unchanged losses of £132,000 in the second half left the pre-tax deficit of Highgate & Job Group up from £228,000 to £261,000 for the year to March 31 1982 and dividend payments have again been omitted.

Sekers recovers to £235,000

FOLLOWING a small recovery at the half year stage—with taxable profits of £88,500 against losses of £68,500—Sekers International finished the year to March 31 1982, with a pre-tax surplus of £235,000 compared with a deficit of £798,000.

A. Russell improves to £1.42m

TAXABLE PROFITS of Alexander Russell, which is engaged in the distribution of fuel and building supplies and quarrying and coal recovery, advanced from £1.2m to £1.42m for the year to March 31, 1982, in spite of a provision of £765,000, compared with £38,000, for the employee share scheme.

British Dredging's cost cutting policy continues

THERE ARE signs of improved prices for some products of British Dredging and the policy of rigorous cost cutting and improving efficiency is continuing, says Mr J. F. Vernon, the chairman.

Turnbull Scott losses of £1.84m

Losses of £1.25m in the second half compared with profits of £30,000, have increased Turnbull Scott Holdings' deficit from £270,000 to £1.84m in the year to March 31, 1982.

WINTERBOTTOM

The net asset value per share of Winterbottom Energy Trust at the close of business on July 2 was 51.8p after deduction of prior charges at par and 54.5p after deduction of prior charges at market value.

The following are extracts from the Statement by the Chairman, Hugh Dundas, C.B.E., D.S.O., D.F.C., D.L., which has been circulated with the Report and Accounts of Rediffusion PLC for the year ended 31st March 1982.

Last year the Group's operating structure was quite drastically modified, to ensure that the management arrangements were suited to the development of the particular activities and markets in which we believe our future prosperity lies.

A business now assuming major proportions is the marketing of video recorders. Our net loss of colour television set rental contracts over the year was exceeded by the number of video rental contracts we added. The capital cost of a recorder is substantially greater than that of a colour TV set, and we have had to find many more millions of pounds than had been expected to finance the rapid build-up of this business during the year.

The decline in the demand for TV rental should be seen in perspective. Homes where the TV set is rented still easily outnumber those where it is not. I believe that the basic rental business will continue to underpin our profits for some time to come, while other and related businesses are developing.

enthusiasm for cable television comes after very many years during which the attitudes of politicians and civil servants have been at the best negative and at the worst openly hostile.

Our flight simulation companies have moved into a strong second place among the Group's profit-earners. During the course of the year we have been delivering, on time and on price, the simulators for the range of Boeing airliners ordered by that company two years ago — the biggest and most significant single simulation order ever placed for civil planes.

Summarised Group Results table with columns for 1982 and 1981, rows for Year to 31st March, Turnover, Profit before interest, Interest, Share of profits of associated companies, Profit before taxation, Profit after taxation, Extraordinary items, Earnings per Ordinary Share, Dividends per Ordinary Share.

there will be no vehicle for the many non-entertainment services which cable can make available.

It cannot be too strongly stressed that investment in modern cable will involve very large sums, and will be for the long term. Rediffusion is ready and eager to play a leading role.

Finally — the future. It will be evident to shareholders that we are entering into a period of heavy capital expenditure. That will be the case whether or not cable TV is allowed to develop as it should.

The challenges and the opportunities facing Rediffusion have probably never been greater or more exciting. I am glad to say that, in my judgment, we have an excellent top management team, strongly and effectively led by the Managing Director.

A copy of the illustrated Report and Accounts, containing the Chairman's Statement and the Review of Group activities by the Managing Director, Ronald Denny, can be obtained on application to The Secretary (F.T.), Carlton House, Lower Regent Street, London SW1Y 4LS.



THE CHALLENGES AND THE OPPORTUNITIES FACING REDIFFUSION HAVE PROBABLY NEVER BEEN GREATER OR MORE EXCITING... Hugh Dundas, Chairman

RESULTS AND ACCOUNTS IN BRIEF

E. AUSTIN AND SONS (materials handling and warehousing, cleaning materials)—Results for the year to March 31, 1982, already known. Shareholders' funds £2.8m (£2.8m). Net current assets £883,000 (£857,000). Decrease in working capital £225,000 (£177,000). Meeting: Winchester House, London Wall, EC, July 22, noon.

BRADY LESLIE (mechanical and civil engineering)—Results for year to March 31, 1982, reported on June 8. Shareholders' funds £2.9m (£2.9m); net current assets £5.24m (£5.31m). Chairman says order book at year-end totalled some £7.4m (£6m). Loss-making in 1982-83, if any, will be substantially less than in the year under review. Reorganisation and performance, resulting from reorganisation of past two years, will come through as profit, he says. Meeting: Hayes, Middlesex, July 22, at noon.

EXTEL GROUP (communications, printing and information services)—Results for year to March 31, 1982 reported May 29. Shareholders' funds £18.8m (£18.8m); net current assets £19.22m (£19.22m); current liabilities £2.2m (£2.07m); decrease in borrowings £272,000 (£483,000 increase). Chairman says signs indicate group will continue to expand, particularly if further acquisitions suited to its plans can be made.

ENTE NAZIONALE PER L'ENERGIA ELETRICA. U.S. \$100,000,000. Floating Rate Debentures due 1987. 9 1/2% Fixed Rate Debentures due 1995. Guaranteed by the Republic of Italy. The Bank of Tokyo, Ltd. London Agent Bank.

Reed International P.L.C. Unsecured Loan Notes 1985. first issued in July 1980 to electing shareholders in London & Provincial. Notice is hereby given that the annual rate of interest payable in respect of the Unsecured Loan Notes 1985 for the six months interest period from 1 July 1982 to 31 December 1982 shall be 9 1/2% per annum.

Notice is hereby given that the annual rate of interest payable in respect of the Unsecured Loan Notes 1985 for the six months interest period from 1 July 1982 to 31 December 1982 shall be 9 1/2% per annum. The relevant interest payment date will be 31 December 1982.

Companies and Markets

BIDS AND DEALS

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

Table with columns for company names and meeting dates. Includes: TODAY (Grenada, Donald Macpherson, etc.), FUTURE DATES (Bridgwater, etc.), and LUMONICS/JK LASERS.

Link House purchases Railway Publishing

Link House Publications has acquired the capital of Oxford Railway Publishing Company for £250,000 cash. £250,000 paid on completion and £10,000 payable in September 1982.

Prof. Smith shrugs off campaign by Lonrho

PROFESSOR Roland Smith, chairman of House of Fraser, the Harrods stores group, has told shareholders in a circular that the actions of Lonrho, the group's largest shareholder, "will not in any way affect the day-to-day running of the company."

Lookers lifts Braid stake

Lookers, the Manchester vehicle distributor, purchased on Friday a further 35,000 Braid Group ordinary shares, equivalent to 3.3 per cent of the equity, at 58p.

Strong and Fisher sells New Zealand interest for £0.52m

Strong & Fisher has sold its remaining investment of 105,000 ordinary shares (12 per cent) in G. L. Bowron & Co. of Christchurch, New Zealand, jugsin and wool tanners, for £519,999 cash, payable next month.

J. Donnelly buys out Fairweather division

J. Donnelly Construction has purchased the North Western division of H Fairweather and Co. in a £780,000 plus management buy-out. The deal was based on the net asset valuation as at February 28 and completion followed the take-over of the Fairweather parent, Wood Hall Trust, by the Australian company, Elders IXL.

JAMES FISHER

James Fisher and Sons completed the purchase of the Westfield Shipping Company and the business of Hunting Stag Management from Hunting Stag. An agreement has also been signed between James Fisher and Stag Line, a wholly owned subsidiary of Hunting Stag, for the purchase of the ship St John Stag.

29.9% STAKE IN U.V. TEXTILES SOLD

Mr R. A. Ratner has sold 689,000 ordinary shares (29.9 per cent) in U.V. Textiles from his beneficial and family interests. The shares acquired by Mr S. J. Woodthorpe (579,000), Mr D. Thompson (100,000) and Mr R. G. Heaton (10,000), who have joined the board.

HALLITE COMPLETES HILYN PURCHASE

Hallite has completed the acquisition of HILYN, a wholly-owned subsidiary of The Chamberhouse Group. The acquisition involved a cash payment by Hallite on completion of £450,000.

PRIMEGLASS-LONDON AND LIVERPOOL

Primeglass, a company in which Mr J. H. Bonas has the controlling shareholding, has acquired an interest in PRIMEGLASS-LONDON AND LIVERPOOL ordinary shares of 10p each in London and Liverpool Trust by virtue of an option granted to it yesterday by Carlisle House, which is itself a substantial shareholder.

FOTHERGILL & HARVEY

Fothergill & Harvey announces the acquisition of Montgomery Plating Company for £980,000. Montgomery is a Coventry based specialist metal finishing company with unique processes which are complementary to other Fothergill processes.

LUMONICS/JK LASERS

Lumonics Inc. of Canada, has completed its acquisition of JK Lasers of Rugby, England. The final purchase price involved the exchange of 677,402 Lumonics common treasury shares plus C\$1,524,423 cash for all of JK Lasers outstanding shares.

'INADEQUATE' SAYS FOURTH CITY BOARD

The attention of directors of Fourth City and Commercial Investment Trust has been drawn to circular letters offering to purchase Fourth City ordinary shares at 7p per unit.

ASSAM FRONTIER UNCONDITIONAL

Acceptances of the offer made by Hainsworth have been received from holders of 3,027,594 ordinary shares of Wormalds, Walker and Atkinson, representing 95.3 per cent of the existing issued ordinary share capital.

HAINSWORTH OFFER

The offer has become unconditional in all respects and remains open for acceptance until further notice.

STANDARD INDUSTRIAL

Standard Industrial Group announces a conditional placing of 3m ordinary shares of 31p each by Standard Industrial Group with a number of its institutional clients.

SHARE STAKES

Electronic Rentals - A. C. Cowell, a director and as trustee, has sold 24,440 ordinary shares. He has also sold 9,482 ordinary shares held beneficially.

Bell and Sims - Mrs J. L.

Bell and Sims - Mrs J. L. Anderson holds 30,000 ordinary shares (74 per cent). She has also sold 9,482 ordinary shares (old and new) in the company.

Electronic Rentals Group

"There has been a good demand for sets incorporating teletext, whilst the demand for video recorders has continued to exceed expectations." Maurice A. Fry, Chairman.

- Group turnover for the year ended March 31st 1982 was maintained at some £183m. The major movements were an increase of £4.8m (20%) in income from Overseas Rental which was offset by a decline of £1.3m (16%) in Retail and £2.2m (7%) from the Camping & Leisure activities, mainly as a result of disposals.

'Strong progress' at Beecham

Sir Graham Wilkins, chairman of the Beecham Group, tells members in his annual report that 1981/82 was a year of strong progress for the company and that it is now more efficient than ever before.

EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange data with columns for Series, Vol., Last, and Stock prices for various companies like GOLD, AMRO, etc.

Sutcliffe Speakman loss reduced to £250,000

LOSSES, BEFORE tax, of carbon making and engineering group, Sutcliffe, Speakman and Company, have been reduced by £124,000 to £250,000 for the year to March 31, 1982, on lower turnover of £8.88m, against £8.42m.

Ship Mortgage advances to £5.96m

An improvement in pre-tax profits from £5.15m to £5.96m was recorded by Ship Mortgage Finance Company for the year to March 31, 1982, after higher interest charges of £524,452, compared with £497,749.

LONDON TRADED OPTIONS

Table showing London Traded Options with columns for Option, Strike price, Closing offer, Vol., and Equity close for various companies like BP, GED, etc.

GOVERNMENT OF THE STATE OF GOIAS

GOVERNMENT OF THE STATE OF GOIAS, SANHEAMENTO DE GOIAS S.A. BIDDING NOTICE. Public International Bid No. 07/82 - SANHEAMENTO DE GOIAS S.A.

BASE LENDING RATES

Table showing Base Lending Rates for various banks and financial institutions, including A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

Whitecroft

Highlights of the year: Profit before taxation more than doubled to £3.57m. Earnings per share up 56% to 11.83p. Significantly increased profit in each division. Dividends increased by 17% to 4.50p per share.

Whitecroft plc. Textiles, building and engineering supplies, engineering. A copy of the report and accounts may be obtained from: The Secretary, Whitecroft plc, Water Lane, Wilmslow, Cheshire SK9 5BX.

Companies and Markets

MINING NEWS

UK COMPANY NEWS

Philippines copper groups get emergency state aid

BY GEORGE MILLING-STANLEY

THE GOVERNMENT of the Philippines has decided to grant further financial assistance to its beleaguered mining industry...

The programme should prevent the copper mining industry until recently the country's biggest export earner...

The Philippines made the point that Japanese copper smelters could face serious supply problems if the island's copper mines were forced to close...

TSL sees upturn after loss

A pre-tax loss of £284,000 is reported at TSL Thermal Syndicate in the six months to April 30 1982...

Plessey—'stronger and fitter than ever before'

WIDE SIGNS of an improving economy, and possibly an upturn in expenditure on defence programmes, the Plessey Company will continue to seize every opportunity open to it for profitable growth...

exploitation of high-technology through the 1980s and grasped the nettle of international competitiveness...

Craig & Rose decline

Pre-tax profits at Craig & Rose halved from £408,000 to £204,000 in 1981 on turnover of £4.72m...

Quintette Coal completes financing

FINANCING of £31.5m has been arranged for the Quintette coal mine in north-eastern British Columbia...

Bank, Mitsui Bank and Credit Lyonnais. Terms have not been disclosed, reports John Sogayak from Toronto.

Quintette's shareholders will put up a further £350m. They include Charbonnages de France with 12 per cent...

Falcon needs increase in gold price

THE ZIMBABWE gold producer Falcon Mines will pay a dividend for the year to March 1983 if the gold price averages more than \$340 an ounce...

Sharp fall at Freddie's

LOWER INCOME from investment and mining brought about a sharp reduction in full-year net profits of Free State Development and Investment ('Freddie's')...

RESULTS AND ACCOUNTS IN BRIEF

B. ELLIOTT AND CO. (machine tools, engineering products)—Results for the year to March 31 1982 reported June 11...

Mr Jocelyn Hambro, M.C., reports on the Hambro Group

Hambros 1982

Earnings from operations were £11.8 million after tax, against £15.3 million last year. We made a £15.9 million, net, provision this year to reflect the substantial further fall in tanker values...

Our merchant banking business had an active and otherwise successful year. The general experience of decreasing margins has been offset by rising volumes and greater income from fee earning activities...

Hambro Life has continued to prosper, improving upon its past successes and increasing its dividends by 20% from new business growth that continues to outperform its rivals...

Our other non-banking activities experienced a mixed year. The insurance broking companies of the Fielding group, now 63% owned, performed strongly, exceeding their own forecasts...

As inflationary expectations recede in the United States and Europe the climate, both political and economic, has begun to improve. The difficult question of the level of American interest rates is deferring the emergence of the Western World from recession...

The Group is in a strong position. The major problem within our shipping debts has been dealt with, the strength of our other interests is manifest, and the new oil and gas investments made in recent years will, we believe, provide added benefit in the years to come.

Consolidated Financial Statement at 31st March, 1982. Table with columns for 1982 and 1981 in £ million. Rows include Share capital and reserves, Minority interest, Loan capital, etc.

My thanks, as always, are due to my colleagues, managers and staff of the whole Group.

Copies of the Annual Report can be obtained from: The Secretary, Hambros PLC, 41 Bishopsgate, London EC2P 2AA.



GOVERNMENT OF THE STATE OF GOIAS. SANAMENTO DE GOIAS S.A. BIDDING NOTICE PUBLIC BID No. 03/1/82 - SANAGO

J. C. PENNEY INTERNATIONAL FINANCE CORPORATION. Notice to the Holders of 4 1/2% Convertible Subordinated Guaranteed Debentures Due 1987...

AMOS HINTON AND SONS (supermarkets)—Results for year ended March 9 1982 reported May 19. Group fixed assets £21.6m (£23.9m) including stock £8.5m (£7.3m)...

Companies and Markets

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market data including Dow Jones indices, NYSE All Common, and various stock prices.

Stock

Table of various stock prices and market movements, including companies like IBM, AT&T, and others.

Tokyo continues uncertain

TYPICALLY SLOW Monday trading and continued uncertainty over charges of industrial espionage against some Japanese computer makers drove the Nikkei Dow Index down to 7,081 in Tokyo on trading of 140m shares.

Australia

Share prices fell slightly in quiet trading as markets reacted to a lack of overseas interest.

Germany

Leading shares closed mixed after a quiet session in which most movements were largely determined by the random pattern of orders.

Switzerland

Share prices closed barely steady, but were above earlier lows due to some short-covering late in the day.

Hong Kong

Stocks closed at the lower end of a narrow trading range, while the market was quiet throughout the day due to a lack of fresh incentives.

Singapore

Depressed by Wall Street's decline Friday, share prices slipped Monday in early trading.

Milan

Share prices fell slightly in extremely flat trading, while the market was an early interest in shares of the Pesenti Group.

Johannesburg

Shares of Gold Mines affected by current unrest eased slightly in a dull and narrowly mixed market, after showing no reaction in early trading.

Wall Street was closed yesterday - Independence Day (in lieu of July 4).

CANADA

Table of Canadian stock market data including various stock prices and indices.

FRANCE

Table of French stock market data including various stock prices and indices.

ITALY

Table of Italian stock market data including various stock prices and indices.

NORWAY

Table of Norwegian stock market data including various stock prices and indices.

GERMANY

Table of German stock market data including various stock prices and indices.

AUSTRIA

Table of Austrian stock market data including various stock prices and indices.

NETS

NETS - Prices on this page are quoted as individual exchanges and are not necessarily suspended. Ex. ex scrip issues, ex right, ex full.

NEW YORK INDICES

Table of New York indices including Dow Jones, NYSE All Common, and various market performance metrics.

STANDARD AND POORS

Table of Standard and Poors indices including various market performance metrics.

NEW YORK ACTIVE STOCKS

Table of New York active stocks including various stock prices and market movements.

WORLD STOCK MARKETS

Table of world stock market data including various international stock prices and indices.

NETS

Table of net market data including various international stock prices and indices.

NETS

Table of net market data including various international stock prices and indices.

Source: Reuters, Financial Times, and various market data providers.

COMMERCIAL ESPIONAGE

How high-technology spies work in Silicon Valley

By Louise Keyhoe in San Francisco

THE MOST dramatic industrial espionage case in the history of Silicon Valley, the North California heartland of the U.S. electronics industry, has highlighted the major security problems facing American high technology companies.

Senior executives of Hitachi and Mitsubishi, the Japanese electronics corporations were arrested in California two weeks ago and accused of conspiring to steal and transport to Japan trade secrets belonging to International Business Machines.

Affidavits filed by the Federal Bureau of Investigation agents who worked on cases involving both companies show that the FBI set up an undercover operation in which its agents posed as business consultants. The affidavits talk of clandestine meetings in Silicon Valley, Las Vegas and Honolulu between the undercover agents and the accused.

According to the FBI, "consultants" were paid to obtain IBM secrets not available by legal means.

Hitachi have said it "strongly believes that neither it nor its indicted employees have engaged in illegal activities and this will become clear in due process."

Presentations of charges against four employees of Mitsubishi were postponed on Thursday at the request of the company.

The arrests shocked Silicon Valley because of the number of accused, their high rank and the fact that they worked for two of the most respected Japanese companies in the electronics business.

But the nature of the alleged crime will have caused little surprise. Industrial espionage is believed to be rife in Silicon Valley.

Mr John Shea, a consultant to the U.S. Department of Defence on intelligence matters, said that U.S. companies had been stealing secrets among themselves for years.

Quantifying the extent of the spying is impossible but Mr Joseph Chiramoto, a senior agent working on the IBM case, says: "We considered industrial espionage to be enough of a problem to invest in an undercover operation to investigate it. We are working on other, unrelated cases and we anticipate further prosecutions."

He says the FBI has greatly increased its operations in regions of the U.S. that have a big concentration of high technology companies. Apart from Silicon Valley, it now has people specialising in industrial espionage in Tucson, Boston and Idaho.

The dividing line between illegal spying and the perfectly legitimate gathering of information on rivals' products is not always easy to draw.

According to the Central Intelligence Agency, numerous foreign countries, particularly Eastern Bloc ones, are very active in legitimate information gathering "anywhere in the U.S. where there is a concentration of high technology industry."

The Soviet consulate in San Francisco is believed to have about 70 resident officers, most of whom are engineers, maths or science specialists. Other diplomatic missions here only have about 20.

A recently declassified Central Intelligence Agency report on the Soviet acquisition of western technology says that the Russians have a "massive, well planned, and well managed national level programme" of legal and illegal intelligence gathering operations in the U.S. directed at high technology.

"The Soviets probably will continue to make their highest priority the acquisition of western microelectronics and computer technology for in-flight guidance computers," says the CIA report. It specifies areas of particular interest to the Russians as semiconductor chip technology and IBM computer technology.

What are the methods—legal and otherwise—used to spy on the U.S. electronics industry? For the most part they are simple. "The people involved



Defence lawyer leads Japanese defendants into a court hearing in San Jose, California, last Thursday

in this technology love it. They love to talk about their jobs," explains Mr James Pooley, an attorney specialising in trade secrets litigation. "Friday night bar talk can be a major source of information," agrees Mr Shea.

A more sophisticated method of finding out about a particular company or technology is the "employment add." The "spy"—be he acting on behalf of a foreign country or a competing U.S. company—takes out a job advertisement in the local paper soliciting applications for experienced engineers and offering

interviews in a local hotel on certain dates. At the interviews, the applicants will talk about the jobs they are currently doing, and unwittingly give away secrets. From such snippets of information, the professional spies build up "intelligence mosaics." Fitting all the small pieces together may produce a big picture.

Other possibilities are bribery, blackmail or for an individual on one company's payroll to take a job at a competing company where he acts as a spy, feeding information back to his "other" employer.

Pilfering of computer parts—especially semiconductor chips—by company employees is almost impossible for electronic companies to detect, or prevent. "It is very difficult to protect property that can easily be removed in a purse or a pocket," points out Mr Chiramoto of the FBI.

While most of the thefts of semiconductor chips are small—a pocketful of the right parts could be worth several thousand dollars—the total value of devices stolen from chip makers in Silicon Valley is estimated by local sheriffs to be worth \$20m per year on average. One of the latest major incidents was a theft of \$2.7m worth of devices from Monolithic Memories Inc. Those charged with the theft include a security guard working for the company.

Security guards posted on entrances and exits and employee identification tags are the common security measures used by U.S. electronics companies, but they should do more, some suggest. "Companies don't pay as much attention to security as they should," says Mr Pooley.

"Short of having strip searches at every door there is little more that we can do to protect our property," argue the companies. "The only real answer is to depend upon the honesty and loyalty of our people," says a spokesman for Advanced Micro Devices, a semiconductor chip manufacturer. "But you cannot expect loyalty without giving it too—that is why we have had a policy of no layoffs throughout this recession. We believe that we have developed a group of very loyal people who will not sell out."

But company loyalty is not usually strong in the semiconductor industry. Senior executives and engineers as a general rule switch jobs frequently.

Probably the commonest form of obtaining trade secrets is hiring employees away from a competitor. As many as 50 trade secrets suits are filed in Santa Clara County, California, alone per year by companies alleging former employees have misappropriated trade secrets,

according to Mr Pooley. Recent examples of these actions have been suits filed by Intel, and similarly by National Semiconductor against some of its ex-employees. The National suit was settled out of court last month.

While the major companies commonly have their employees sign agreements not to disclose proprietary information should they leave the company it is, suggests Mr Pooley, difficult to protect "intellectual property."

In some cases agreements not to work for competitors are written into employment contracts, but the legality of such contracts has not been well established. In California they are illegal—making it a haven for technology specialists who do not want to be tied too tightly to one company.

However, some industrialists argue that the practical implications of industrial espionage can be exaggerated. "In the computer industry the technology changes so fast that it is hardly worth finding out what competitors are doing prior to their announcing a product," comments a spokesman for Control Data Corporation in Minneapolis. "People in this industry cannot afford to waste the time and effort involved in finding out about other company's products—they are too busy developing the next product of their own."

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How Pilkington scored for Real Madrid

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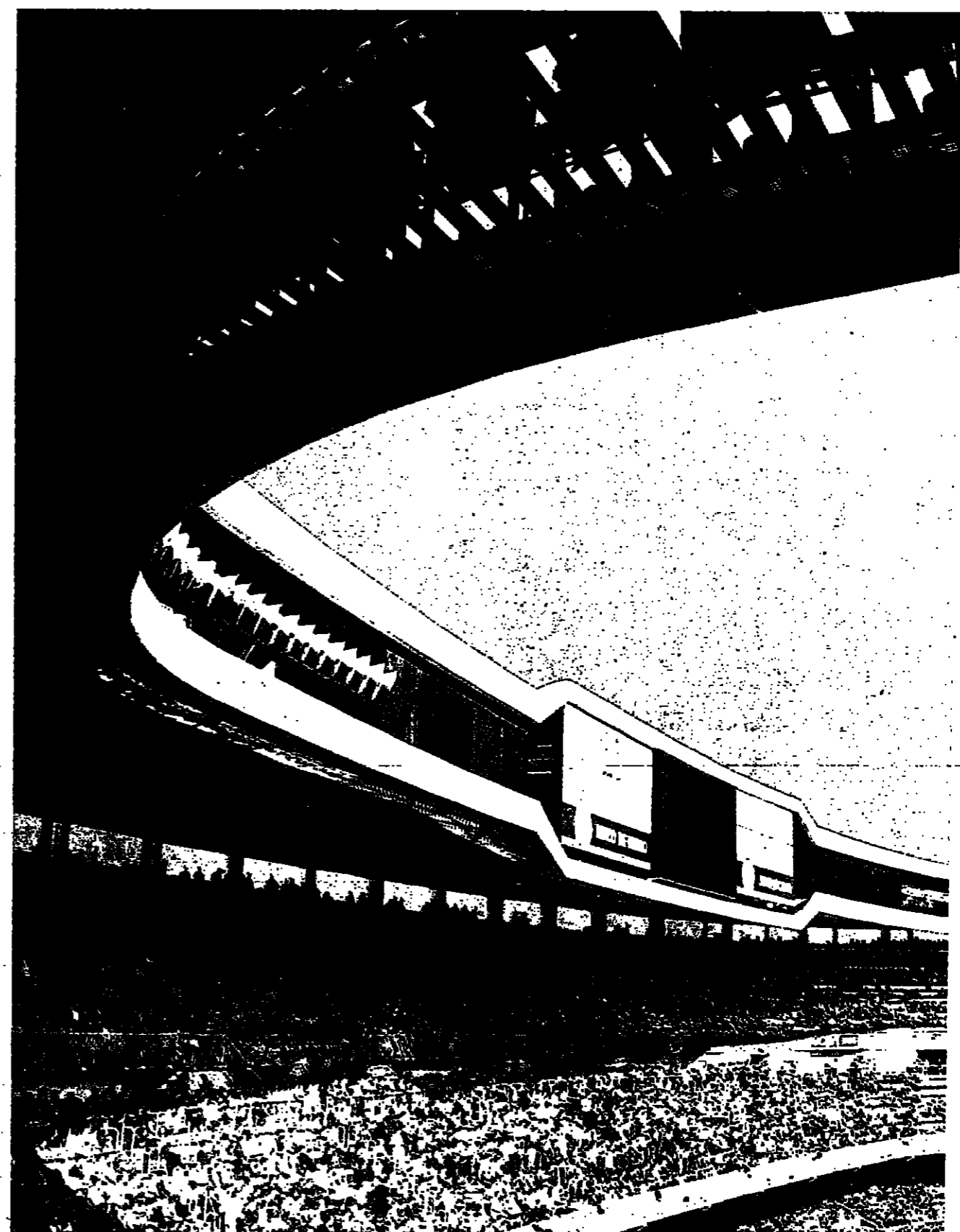
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INTERNATIONAL COMPANIES and FINANCE

Richard Lambert on reactions to the latest SEC innovation

Brokers want to shelve Rule 415

TOP INVESTMENT bankers and brokers from across the country trooped down to Washington last week to testify in front of the Securities and Exchange Commission on what has become the hottest regulatory issue in the securities market: the SEC's Rule 415.

Thus Mr John Whitehead, senior partner of Goldman Sachs, said recently that Rule 415 was "threatening to return us to the jungle environment of the 1920s."

The rule was introduced last February on a nine-month experimental basis, and was intended to simplify the process of issuing securities.

or to dribble them out on to the market by operating a tap system. So the rule threatens far-reaching implications for the traditional relationships between banks and their investment syndicates.

Mr John Gutfreund, chairman of Salomon Brothers, pictured right, warned that by further diluting the underwriters' due diligence function and virtually eliminating forward financing calendar, Rule 415 could substantially impair the ability of investors to make informed decisions.



tion: with its long client list, it had been singled out as an obvious target for attack by less well-established firms. He told the SEC that his firm had acted as a managing underwriter for over half the \$12.3bn in debt securities so far registered under the rule, which was a lot greater than its traditional share of the market.

spreads in the secondary market, and to have an adverse impact on liquidity. Salomon Brothers' Mr Gutfreund also made his pitch on the issue of investor protection. He warned that by further diluting the underwriters' due diligence function and virtually eliminating a forward financing calendar, Rule 415 could substantially impair the ability of investors to make informed investment decisions.

detachment in their evidence: they have too much to lose. Sutro and Co., a large San Francisco firm, said it knew of 10 public offerings which had come to market under the new rule. If traditional relationships had applied, it would have expected a slice of every deal. As it was, it had not been asked to underwrite a single one of them—which had cost it a total loss in revenues of \$80,000.

Stifel Nicolaus and Co. of St Louis reckoned the rule had cost it \$70,000 in lost commission income. "In order to compete under Rule 415, a regional firm must be ready to take stock in size and on very, very short notice, which requires greater capital and risk," the firm said.

The fact is, though, that the rule has not really been given a fair trial so far. Mr Thomas Saunders, a managing director of Morgan Stanley said there was not enough evidence as yet to form any final conclusions. His firm retained lots of doubts about the trial period should be extended. The SEC might well go along with that view: it is the kind of controversial decision that anyone would want to put off for as long as possible.

A\$150m Australian property share offer

By Our Financial Staff

STOCKLAND TRUST, an Australian property owner and manager, will make today a A\$150m (U.S.\$118m) share issue which is believed to be a record for the country's equity markets.

It will issue 150m, A\$1 shares at par and it reserves the right to issue a further 10m if sufficient subscriptions are received. The newly-formed trust will acquire the assets of Stockland Property Trust which will be wound up because tax law changes would have substantially increased its tax liabilities.

Most of SPT's properties are in the Sydney area. About one-fifth are office blocks and the balance mostly shopping centres. SPT was set up two years ago by acquiring the assets of Stocks and Holdings, a property developer, to benefit from the tax free status of trusts.

\$75m Eurodollar bond issue launched for CSR

BY ALAN FRIEDMAN

A \$75m SEVEN-YEAR Eurodollar bond issue is being launched for CSR, the Australian sugar, energy and raw materials group. S. G. Warburg is leading the offer, which bears a 16 per cent coupon at par.

The CSR deal appeared, as expected, in a lacklustre Eurobond market yesterday. Prices of most Eurodollar issues closed unchanged last night, and dealers reported little buying interest. This is despite the reasonably encouraging U.S. money supply figures for last week and a drop in the six-month Eurodollar deposit rate to 15 1/2 per cent, down 1/4 per cent on Friday.

Last week's brief attempt at a rally seems to have faded, and the New York bond market was inactive because of the U.S. holiday weekend. This resulted in mixed prices not only in the Eurodollar sector, but also in D-mark and Swiss franc foreign bond markets.

the Republic of Venezuela to a flying start. The Venezuelan floating rate issue is indicated at 4 per cent above the six-month London interbank offered rate (Libor) and a number of prospective banks have turned down the deal.

Some bankers are still lukewarm about Venezuela in the wake of recent disagreements over the terms of a proposed \$2.5bn jumbo credit line. However, it admits its timetable will have to be altered.

In West Germany, a DM 75m private placement is being arranged for the Postmaster General of South Africa. The five-year paper bears a 10 1/2 per cent coupon, reflecting the standard view on South African borrowings. Deutsche Bank is managing the placement.

In the European Currency Unit (ECU) sector, Credit Foncier de France is raising ECU 40m with a seven-year issue bearing a coupon of 13 1/2 per cent and an indicated price of 99 1/4. This suggests a 13 1/2 per cent yield. Banque Indosuez and Kredietbank are lead managers.

Credit Lyonnais and Kredietbank have managed new issue activity on the Eurobond market for the first half of this year and report that new issues totalled \$25.26bn in the period to June 30, against \$9.13bn for the same period last year. According to the banks, 319 issues were launched, against 141 a year before.

The U.S. dollar remained the most popular currency for borrowers, accounting for 84 per cent of the total amount raised. Euro D-mark issues accounted for just below 8 per cent of the total and those in Canadian dollars 4.2 per cent.

Hong Leong property unit ahead

BY OUR FINANCIAL STAFF

CITY DEVELOPMENTS, the listed property concern of the Hong Leong group of Singapore, has reported a 36 per cent increase in pre-tax profits for the six months ended April 30, to S\$18.2m (U.S.\$8.5m) from last year's corresponding period.

one-half times on that for the same period last year, despite a downturn in occupancy rates to 90.5 per cent from 94.5 per cent. This was in line with the industry-wide decline.

United Overseas Bank, one of the top four Singapore banks, has bought Chase Manhattan's 42.5 per cent stake and Nikko Securities' 15 per cent stake in United Chase Merchant Bankers, making the Singapore-based merchant bank a wholly-owned unit of UOB.

Earnings slide at American Standard

By Our Financial Staff

THE U.S. recession is continuing to bite into profits of American Standard, the New York-based major manufacturer of transportation and building products.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday July 13.

Table with columns for U.S. DOLLAR STRAIGHTS, OTHER STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS, and YEN STRAIGHTS. Includes columns for Issued, Bid, Offer, Day, Week, Yield, and Change.

Merrill Lynch & Co., Inc. has acquired a minority interest in SUN HUNG KAI SECURITIES LIMITED 新鴻基證券有限公司 and SUN HUNG KAI BANK, LTD. 新鴻基銀行有限公司

Direct State share stakes in Massey soon. By Robert Gibbins in Montreal. THE FEDERAL and Ontario governments will shortly become direct shareholders of Massey-Ferguson, the troubled farm equipment manufacturer.

Advertisement for Sun Hung Kai Bank, Ltd. and Sun Hung Kai Securities Limited, featuring the company logo and contact information.

Casa steers for gaps in the market

SPAIN'S only aerospace company, Construcciones Aeronauticas (Casa), has set out to bring off its biggest ever export order—a \$500m deal with India. Casa is on the final short list after four years' negotiation for a supply and production agreement for a short take off and landing (STOL) aircraft. Casa is offering its highly successful C-212 Aviocar, of which it has now sold 380 worldwide. Its main rival appears to be the Canadian de Havilland Twin Otter, in a contract which is for some 200 aircraft, of which 20 would be supplied directly, the rest built in India by Hindustan Aeronautics.

Spain's only aerospace concern has ambitions beyond seeking a record \$500m order from India for its short take-off and landing C-212 Aviocar (right), reports ROBERT GRAHAM from Madrid



Casa is pressing its credentials as one of Europe's small but dynamic aerospace companies. Its executives believe that, apart from the product, which is of indigenous design, the main virtue of the company lies in its ability to adapt advanced technology to less sophisticated needs. Already, Casa is working in a joint venture with the Indonesian National Aircraft Company on an upgraded version of the Aviocar—the CN-235.

While the C-212 can carry up to 28 passengers in military or civilian use or loads of 2.8 tons, the new version could carry up to 40 passengers.

Indonesia is already assembling the C-212. Casa believes it can succeed in a potential market of 1,800 civil units and 600 military over the next 10 years, although competing against at least three similar aircraft.

In particular, the Indonesian link with the Association of South East Asian Nations (Asean), provides a good platform for penetrating the important Asian market.

Casa, founded in 1923, has become one of the most export orientated of Spanish concerns, with 63 per cent of its Pta 24bn

(\$21bn) sales last year being abroad. The main shareholder is the state holding company, INI, with 60 per cent, and the Spanish banks Bilbao and Vizcaya possess 5 per cent of the equity. However, Casa has important international partners—Nordrup, of the U.S., 13 per cent, Messerschmitt-Bölkow-Blohm (MBB), of West Germany, 11 per cent, and Avions Marcel Dassault-Brequet, of France, 0.6 per cent.

Sr Enrique de Guzman, the company president, is convinced that Casa can with benefit play a substantial role, especially in filling the holes that the big companies leave. At the same time, it must continue to play a vital strategic role, in sectors as much as it can of Spain's requirements in the defence field.

It is already producing a jet trainer for the Spanish Air Force—the C-101. This also has an export potential, since it is low cost and much less sophisticated than the British Hawk trainer. Its principal competitor is seen as the Italian Macchi-339.

More importantly, Casa hopes to play a part in the Spanish Air Force's forthcoming order of a new combat aircraft. The choice has been narrowed down to the F-16 of McDonnell Douglas of the U.S., or the F-16

of General Dynamics of the U.S. The Anglo-German-Indian Tornado was considered, with attractive offers of industrial participation, but apparently the aircraft was rejected as not complying sufficiently closely with the Air Force's needs. Casa says it is dissatisfied with current offer proposals from the two U.S. concerns in the deal for 80 to 90 aircraft worth \$2bn. The U.S. companies are offering little in the way of technology transfer and local manufacture. Casa wants to be able to maintain the aircraft in Spain, and for this wants access to new technology (it maintains the Spanish Air Force's Phantoms and also does so for the USAF).

On the international co-operation side, Casa has a 4.2 per cent stake in Airbus Industrie, the European group, and produces horizontal stabilisers, landing gear and forward doors. It also manufactures parts for the Mirage and such other, non-military, Dassault models as the Falcon.

A more recent military contract with MBB involves the manufacture of parts for the light helicopter MB-105. It sees this international co-operation as the best way of obtaining access to new technology.

Casa is anxious to move more into advanced technology producing more of its own avionics. It has also been asked by the Spanish Defence Ministry

to study the production of ECMS (electronic counter measures), and more importantly, to develop a missile capability.

Talks have been going on with British Aerospace in this respect about the Rapier and other systems. Casa has also branched into some satellite work and more particularly into satellite solar paneling.

Casa has been encouraged to do all this by strong cash flow, stemming essentially from the Aviocar sales. Net profits for 1981 almost doubled to Pta 536m (\$4.8m) and order books are worth Pta 65bn (\$480m), with enough work through to 1983.

The decline in the value of the peseta has not harmed the balance sheet, even though Casa is dependent upon imports for much software and capital items like engines. This is because the bulk of sales are exports with the price paid in dollars. Approximately 35 per cent of the price represents imported items in the Aviocar.

The Aviocar is now considered to have a life through to the 1990s. For instance it has been discovered recently that larger military transport aircraft like the Hercules operate in peace time at loads well below capacity, and that it is more rewarding to use an aircraft like the Aviocar. This is being used as a new sales pitch: negotiations are now under way for co-production in the U.S. of the Aviocar.

Sales rise by 18% at MTU

By Our Financial Staff

MTU Motoren-und Turbinen-Union, the West German aircraft engine maker, has reported an 18 per cent increase in sales for 1981 to DM 1,556bn (\$750m). Mr Ernst Zimmermann, executive chairman, said cash flow rose by 42 per cent to DM 117.3m but the company cut its dividend to DM 12.1m from DM 15.1m.

The company is 53.8 per cent owned by MTU-Motoren-und Turbinen-Union, München which in turn is 50 per cent owned by MAN, the major German engineering group and 50 per cent by Daimler-Benz.

Engine orders for the Tornado combat aircraft will keep the company's Munich operation busy until 1985, Mr Zimmermann said. Surplus capacity will begin to develop there from the mid 1980s and will be used for civilian projects. Orders received last year fell by 14.3 per cent to DM 1,460m. But the company forecasts an increase in sales this year to DM 2.2bn.

AEG-Telefunken crisis sharpens

By Kevin Done in Frankfurt

THE CRISIS surrounding the future of AEG-Telefunken, West Germany's second largest electrical and electronics group, sharpened yesterday as the company's bankers were called together at short notice in Frankfurt.

At the same time, a separate meeting took place in Frankfurt of leading representatives of West German industry under the chairmanship of Dr Oskar Emminger, the former president of the Bundesbank, the West German central bank, to discuss the possibility of giving AEG further aid.

The management of the financially-stricken electrical group is striving to force through a complex survival plan which is crucially dependent on it gaining further financial support from its 24-member banking consortium, from German industry and from the state.

In Bonn yesterday a separate meeting took place at the Federal Economics Ministry of officials from several of the provincial state (Länder) Governments to discuss AEG applications for loan guarantees totalling DM 1,550bn (\$626m). The major stumbling block

holding up progress on AEG's rescue plan is reluctance in Bonn to press ahead quickly with the granting of loan guarantees totalling DM 1bn.

The company's rescue blueprint, "AEG-83," has been submitted by Bonn to the state-owned auditors, Treuarbeit, and their report, a precondition for a positive response from the Federal Government, is not expected for about three weeks. "Time is running out for AEG," however, as the banks have been insisting on state guarantees before granting urgently needed new credits.

Gulf Riyad lifts capital

By Mary Frings in Bahrain

GULF RIYAD Bank EC is the latest in a series of Bahrain-based Arab financial institutions to announce an increase in equity capital. By the end of last year Gulf Riyad was carrying a balance sheet total in excess of U.S.\$1bn on a capital as small as \$8m, thanks to the strength of its shareholders —

Riyad ank of Saudi Arabia (60 per cent) and Credit Lyonnais. Profit for 1981 was \$5.2m. The paid-up capital has been raised by \$12m, of which half was new money subscribed proportionately by the shareholders, and the remainder was from capitalisation of reserves.

Strikes hit Peugeot recovery

By Terry Dodsworth in Paris

PEUGEOT, the French motor company, expects its recovery programme to be set back sharply by the recent spate of strikes in the group and the Government's post-devaluation austerity measures.

Commenting on these two unfavourable factors, M Jean-Paul Parayre, chairman, told the annual meeting that the company intended to tighten its belt this year, but to be back in balance in 1983. Last year, Peugeot's consolidated losses amounted to FFf 2bn (\$291m).

The improvement in the company's performance, he said, was shown in the first quarter of this year, when consolidated sales rose by 18 per cent to FFf 21.1bn. Group vehicle sales in the first four months went up by 5.5 per cent to 576,000 units.

In the second quarter, however, output at Citroën and Talbot, two of the Peugeot group's subsidiaries, was severely hit by strikes. These disputes caused the loss of about 50,000 vehicles, M Parayre said.

In addition, the group will have to bear the extra costs involved in introducing the 39-hour week and the fifth week of paid holidays. Peugeot calculates that this programme will mean additional expenditure of about FFf 1bn during 1982.

The Government's price control measures will undermine the group's planned increases this summer, while wage controls are expected to reduce demand for new cars in France during the rest of this year. On the other hand, M Parayre expects some compensation for these losses in increased competitiveness in overseas markets.

CITROËN HISPANIA, the Spanish subsidiary of the French carmaker, lost Pta 408.5m (\$3.7m) in 1981, writes our financial staff.

The company blamed lower sales but said that business appeared to be improving. In the first five months of this year Citroën Hispania's passenger car sales reached 61,848 units, up per cent from a year earlier. The company also said it would invest Pta 7.7bn between 1982 and 1987.

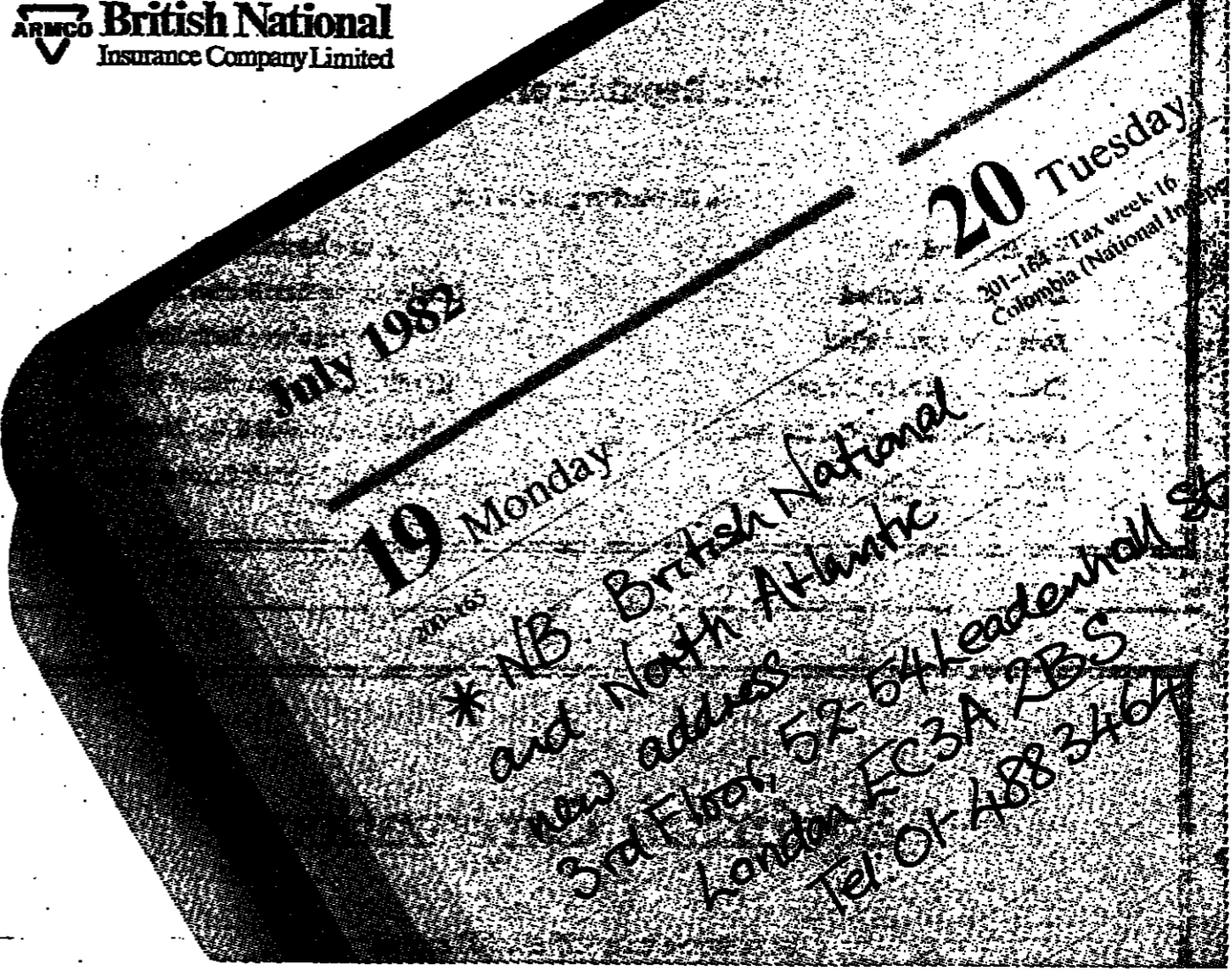
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Olivetti plans L35bn savings shares issue
By James Burton in Rome

OLIVETTI, the increasingly successful Italian data processing and office equipment manufacturer, is to ask shareholders to approve another capital raising operation—the fifth in the past four years.

The parent company, Ing C. Olivetti, plans to issue L35bn (\$25m) worth of savings shares at L1,500 each, including a premium of L500. They will be offered to existing shareholders on the basis of one share for every 10 existing shares, debentures and convertible bonds.

Olivetti is also raising a five-year loan for L150bn from a pool of Italian and foreign banks, at what the company calls a "particularly favourable" interest rate. It will also create 68m non-convertible savings shares which will be reserved for the lending banks. The banks will be allowed to convert their loan into these new shares at a price of L2,250 each during the life of the loan. Holders of Olivetti debentures will also be able to convert them

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Companies and Markets INTL. COMPANIES & FINANCE

Merrill and SHK launch joint ventures

By Robert Cottrell in Hong Kong

MERRILL LYNCH of the U.S. and Sun Hong Kai Securities of Hong Kong are setting up joint venture operations in securities and commodities trading in Hong Kong following the association between the two groups announced in May whereby Merrill acquired a 25 per cent stake in SHK Securities.

The two operations will come under the control of a holding company owned 60 per cent by SHK and 40 per cent by Merrill Lynch. The securities joint venture will handle the marketing of U.S. stocks to Hong Kong clients, and will be housed in Merrill Lynch's existing Hong Kong office.

The commodities trading operation succeeds a previous joint venture which SHK entered with A.C.L.I. of the U.S. A.C.L.I. and SHK split after SHK entered its association with Merrill, and A.C.L.I. has since announced a new commodities joint venture with Wardley the merchant banking arm of the Hongkong and Shanghai Banking Corporation.

It has not yet been decided whether joint venture operations will be located in other financial centres. SHK Securities has an office on Merrill's home turf in New York, while both groups have London offices.

Mr Roger Birk, Merrill Lynch's chairman, was in Hong Kong yesterday together with M Jean-Yves Haberer, chairman of Paribas, to formally conclude the agreement with Mr Fung King Hui, SHK chairman. Paribas has been associated with SHK Securities' sister company, SHK Bank, for four years. Under the new arrangement Paribas is SHK Bank's operational associate while Merrill stands in a parallel relationship with SHK Securities.

Merrill Lynch will also take a 15 per cent holding in SHK Bank. Paribas will increase its stake in SHK Securities to 10 per cent from 5 per cent but reduce its holding in SHK Bank to 25 per cent from 30 per cent.

Mr Fung said his objective was the establishment of a "multinational financial service supermarket."

State rescue planned for Turkish textiles group

BY METIN MUNIR IN ANKARA

THE TURKISH Government is planning to take steps to prop up Guney Sanayi, the country's largest privately-owned textiles company, which was forced to close after its electricity was cut off for failure to settle a \$2.5m bill.

Guney, which had a turnover of \$300m in 1980, has been in acute financial difficulty for nearly two years. Last week it gave some 6,000 workers indefinite leave.

The company is owned by the Sapmaz family, one of the wealthiest in Turkey. The family has told Mr Bulent Ulusu, the Prime Minister, that the company would have to close unless it urgently receives the equivalent of \$45m.

Mr Ulusu responded by sending a team of a dozen bankers, businessmen and officials of DPT, the state planning organisation, to the cotton-growing province in south-east Turkey, to look at Guney's books, capacity, and export potential. Their report is expected to be completed next Monday, and the Government is likely to reach a decision on Guney's fate soon afterwards.

Guney puts its current debts at slightly over \$91m. Over the last 12 months the company obtained tax and social insurance payment relief and loans worth \$45m.

Guney has export orders for \$62m and executives believe it would be able to recover if assisted promptly. The Government is thought to be considering two alternative schemes. The first is to bail out Guney by giving the family the loan it sought. The second is to broaden the totally family-owned company's equity base in such a way as to give state-owned banks major control.

Merger creates largest S African steel trader

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S largest steel trading company is to be formed by the acquisition of the steel interests of Leo Raphael and Sons, an international commodity trading house, by Macsteel, a local steel merchant.

The combined annual sales of the enlarged Macsteel group will be R500m (\$440m) according to Mr Eric Samson, the company's chairman and controlling shareholder. The group's annual exports will total 750,000 tons.

Both Macsteel and Raphael are private companies, and Mr Samson declined to disclose the terms of the acquisition.

Raphael's other commodity trading activities, which centre on chemicals and agricultural products, and its ship chartering subsidiary are not included in the transaction.

Macsteel is to take over Raphael's offices in the Far East, one of the largest markets for South African steel. It will also take over Raphael's steel marketing company in the Far East whose other shareholder is Iscor, the South African state-owned steel producer.

Macsteel had agreed on "full co-operation" with Raphael International, the non-steel part of the business in which the Raphael family remain the largest shareholders.

The Raphael group has gained a reputation as an aggressive (and not always popular) trading company. It has successfully penetrated many countries in Africa and Asia which claim to boycott South African products, but has been hit by a string of resignations among senior executives.

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Malaysia to set up an Islamic bank

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian Government yesterday announced it would set up an Islamic bank next year, in response to long-standing calls by Moslem groups in the country that there should be a financial institution operated along Islamic principles.

Dr Mahathir Muhammad, the Prime Minister, who approved the Islamic bank proposal, said

legislation to set it up would be introduced in Parliament at the end of the year.

The bank would have an authorised capital of 500m ringgit (U.S.\$215m) and a paid-up capital of 100m ringgit.

The Malaysian Government would take up 30 per cent of the equity, with the rest being subscribed by the Pilgrims Fund, and various state religious authorities. The bank will not charge interest on loans, but will participate in the profits and dividends of projects it is financing. It will concentrate on funding housing and agricultural and welfare activities.

Dr Halim Ismail, a senior corporate planner at Bank Bumiputra, will be managing director of the Islamic bank.

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.

It will be published on the following dates:

- 1982
Tuesday 13th July
Monday 16th August
Tuesday 14th September
Wednesday 13th October
Thursday 11th November
Tuesday 14th December

CONTRACTS & TENDERS

AVIS D'APPEL D'OFFRES INTERNATIONALES REPUBLIQUE FEDERALE ISLAMIQUE DES COMORES MINISTERE DE L'EQUIPEMENT, DE L'ENVIRONNEMENT ET DE L'URBANISME-MORONI Fourniture de vehicules de liaison et demateriels de Travaux Publics comprenant 12 lots

Le dossier d'appel d'offres peut être retiré (ou expédié sur demande) -Ministère de l'Équipement, de l'Environnement, et de l'Urbanisme, Direction Générale des TP, BP 12—MORONI—EN FRANCE -Bureau Central d'Études pour les Equipements d'Outre-Mer 15 Square Max Hymans 75741—PARIS CEDEX 15— contre remise d'un chèque bancaire de 600 FRANCS FRANCAIS port compris, libellé au nom de: -Bureau Central d'Études pour les Equipements d'Outre-Mer Les offres, obligatoirement rédigées en langue française, seront reçues par le Ministère de l'Équipement, de l'Environnement et de l'Urbanisme— Direction Générale des Travaux Publics—BP 12—MORONI jusqu'au 30 Septembre 1982 à 18 heures date limite.

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COMPANY NOTICES

LEUMI INTERNATIONAL INVESTMENTS N.V. US \$20 MILLION GUARANTEED FLOATING RATE NOTES 1987 SERIES 1987

PUBLIC NOTICES

DEVON COUNTY COUNCIL Tenders invited for the construction of 27m galls issued on 6.7.82 maturing on 6.7.82. The highest rate accepted was 12.4% p.a.

LEGAL NOTICES

SANCHEZ-O'BRIEN ENERGY 80 N.V. NOTICE TO SHAREHOLDERS Messrs Brian O'Brien, A. R. Sanchez, Sr. and A. R. Sanchez, Jr., will be visiting the following Merrill Lynch offices to discuss with the Shareholders the drilling results and future plans of the Sanchez-O'Brien Energy 80 N.V. programme: July 27—London office, July 28—Paris office, July 29—Geneva office. For further details contact Mr Arthur Reynolds in the Merrill Lynch International London office. Telephone: 01-628 7000.

ART GALLERIES

LEFFRE GALLERY 30, Strand St. W. IMPORTERS OF RIK AND 20th CENTURY ART. Mon-Fri 10-5, Sat 10-1.

CLUBS

RVE has notified the voters because of a lapse in the reporting of the company's financial results. The company's financial results for the period ended 30 June 1982 were as follows: Revenue 21,125,000, Profit 1,125,000, Dividend 1,125,000.

Companies and Markets

LONDON STOCK EXCHANGE

Revived interest rate optimism causes strong Gilt performance which imparts confidence to equities

Account Dealing Dates... First Declara. Last Account Dealing... Interest rate optimism revived strongly yesterday...

Phosag, 26 1/2, and Roys, 35 1/2, up 6 splcs. Elsewhere, C. E. Health rose 1 1/2 to 35 1/2 following Press comment...

ing preliminary profits slightly below market estimates. Finsbury shed 5 to 25 1/2; the company has been refused a gaming licence for the Embassy Club...

RECENT ISSUES

Table with columns: Issue price, 1982 High, 1982 Low, Stock, etc. Lists various recent issues and their performance.

FIXED INTEREST STOCKS

Table with columns: Issue price, 1982 High, 1982 Low, Stock, etc. Lists fixed interest stocks and their performance.

"RIGHTS" OFFERS

Table with columns: Issue price, 1982 High, 1982 Low, Stock, etc. Lists rights offers and their performance.

Remuneration data usually last day for dealing free of stamp duty. Figures based on prospectus estimates. Dividend rate paid or payable on part of capital...

ACTIVE STOCKS

Table with columns: Stock, Closing price, Day's change, etc. Lists active stocks and their daily price changes.

FRIDAY'S ACTIVE STOCKS

Table with columns: Stock, Friday's closing price, Day's change, etc. Lists Friday's active stocks and their performance.

Eagle Star up again... Bid speculation was rife in the insurance sector. Eagle Star again stood out with a fresh spurt of 1 1/2 to a 1982 peak of 38 1/2...

Food traders firm in a moderate turnover. J. Sainsbury, quoted ex one-for-one scrip issue, improved 5 to 32 1/2. Argyl traded 7 1/2 before closing at 7 1/2...

South African Golds held up well in the face of the continuing riots on a number of the gold mines in the Genor and Gold Fields areas...

FINANCIAL TIMES STOCK INDICES. Table showing indices for Government Secs, Fixed Interest, Industrial Ord., etc. for various dates.

Inclined easier at first, leading Buildings encouraged selective support and closed with small gains in places. Elsewhere, Trent Holdings added 3 to 4 1/2 following favourable Press comment...

Company trading statements provided a couple of contrasting features among Textiles. Sakers International firmed 2 to 2 1/2 following the Board's recommendation...

HIGHS AND LOWS. Table showing high and low prices for various stocks.

After opening a shade easier at 30 1/2, JCI picked up in the absence of selling to close unchanged on balance at 30 1/2. Occasional interest was shown in Fisons, which firmed 7 to 36 1/2...

Shipping's lacked support and closed with losses across the board. Beardson Smith were particularly dull and dipped 5 to 9 1/2, with the A7 off at 5 1/2; the annual results are expected early next month...

RISES AND FALLS YESTERDAY

Table showing rises and falls in various markets like British Funds, Rises and Falls, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing FT-Actuaries Share Indices for various equity groups and sub-sections as of Mon July 5 1982.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the share intermediary standard new Highs and Lows for 1982.

Table listing new highs and lows for 1982 across various sectors like Chemicals, Engineering, etc.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound based on the official rate as of July 5 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise.

Large table showing world value of the pound across various countries and currencies.

FIXED INTEREST

Table showing fixed interest rates for various maturities and types of securities.

OPTIONS

Table showing options for various stocks and currencies.

* Flat yield. High and low record, base date, where and constant changes are published in Saturday Times. A new list of companies available from the Publishers, The Financial Times, Bankers House, Cannon Street, London, EC4A 3DF, until 15th July 1982.

CURRENCIES and MONEY

\$ & £ steady

Sterling and the U.S. dollar showed little overall change in currency markets yesterday in quiet featureless trading. The closure of U.S. markets for Independence Day ensured that trading in Europe was kept at a minimum until the U.S. reaction to Friday's larger-than-expected fall in money supply is known. Sterling was very steady, apparently unaffected by unrest on the railways and possible industrial action by miners.

Currencies within the European Monetary System were little changed. The Dutch guilder was placed at the bottom of the system just below the D-mark, while the Italian lira continued as the strongest currency.

DOLLAR — Trade-weighted index (Bank of England) 121.3 against 121.0 on Friday and 107.2 six months ago. Three-month Treasury bills 12.59 per cent (11.80 per cent six months ago). Annual inflation rate 6.7 per cent (6.5 per cent previous month). The dollar closed at DM 2.4775 from DM 2.4760 against the D-mark and SwFr 2.1063 from SwFr 2.1033.

STERLING — Trade-weighted index 91.4 against 91.4 at noon and 91.3 at the opening and 91.3 at the closing. Friday's close (91.4 six months ago). Three-month interbank rate 9.5 per cent (9.4 per cent previous month). Annual inflation rate 2.3 per cent (2.8 per cent previous month). The yen closed against the dollar in general quiet trading. News of a larger than expected fall in U.S. money supply failed to prompt a corresponding fall in Euro-dollar rates and there was some short covering as a result. The dollar rose to ¥256.30 up from an opening level of ¥255.50 and Friday's close of ¥255.30.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for currency, amount, % change, and divergence. Includes entries for Deutschmark, French Franc, Dutch Guilder, Italian Lira, etc.

EXCHANGE CROSS RATES

Table showing exchange rates for various currencies including Pound Sterling, Deutschmark, French Franc, Dutch Guilder, Italian Lira, Canadian Dollar, and Belgian Franc.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 5)

Table showing 3 months U.S. dollars and 6 months U.S. dollars bid and offer rates.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing interest rates for various currencies and terms like Short term, 3 months, 6 months, and One Year.

SDR linked deposits: one month 12 1/2-13 1/2 per cent; three months 13 1/2-14 1/2 per cent; six months 14 1/2-15 1/2 per cent; one year 15 1/2-16 1/2 per cent.

MONEY MARKETS

London rates decline

UK clearing bank base lending rate 12 1/2 per cent (since June 8). Interest rates showed an easier trend in the London money market yesterday, influenced by the fall in European interest rates after another larger than expected fall in the U.S. M1 money supply last week.

DM 6.1bn from the money market. Borrowing under the Lombard facility from the Bundesbank rose to DM 7.6bn on Friday from DM 4.2bn on Thursday. The Bundesbank's increased yesterday, although the situation was partly relieved by the addition of an estimated DM 1.4bn to DM 2bn of liquidity by way of one week currency swaps.

THE POUND SPOT AND FORWARD

Table with columns for Day's spread, Close, One month, % p.a., and % 3 months. Includes entries for U.S., Canada, Netherlands, Belgium, Denmark, Ireland, Portugal, Spain, Italy, Norway, France, Sweden, Austria, and Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns for Day's spread, Close, One month, % p.a., and % 3 months. Includes entries for U.S., Canada, Netherlands, Belgium, Denmark, Norway, Sweden, Austria, and Switzerland.

CURRENCY MOVEMENTS

Table with columns for Bank of England, Morgan Guaranty, and Special Drawing Rights. Includes entries for Sterling, U.S. dollar, etc.

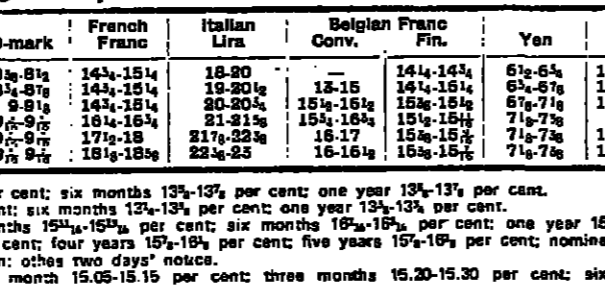
OTHER CURRENCIES

Table with columns for currency, amount, and Note Rates. Includes entries for Argentine Peso, Austral Dollar, Brazil Cruzeiro, etc.

EUROCURRENCIES \$ rates ease

Eurodollar interest rates declined in quiet trading. With U.S. markets closed for Independence Day there was no influence on European trading from New York or Chicago, and the fallowing the target, an expected fall of \$2.2bn in U.S. M1 supply last week.

FRANKFURT OVERNIGHT MONEY



LONDON MONEY RATES

Table showing London money rates for various currencies and terms like Prime rate, Fed funds, Treasury bills, etc.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Large grid of financial data listing various trusts and their performance metrics, including columns for trust names, dates, and values.

INSURANCES

Table listing various insurance companies and their products, including Abbey Life Assurance Co. Ltd., ABEV Life Assurance Ltd., and others.

Table listing insurance companies and their products, including Life Assur. Co. of Pennsylvania, Lloyds Life Assurance, and others.

Table listing insurance companies and their products, including Norwich Union Insurance Group, Phoenix Assurance (Guarantee) Ltd., and others.

Table listing insurance companies and their products, including Sun Alliance Insurance Group, Standard Life Assurance Company, and others.

Table listing insurance companies and their products, including British Equitable Assurance Co. Ltd., British Equitable Assurance Co. Ltd., and others.

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Table listing insurance companies and their products, including British Equitable Assurance Co. Ltd., British Equitable Assurance Co. Ltd., and others.

INSURANCE & OVERSEAS MANAGED FUNDS

Table listing insurance and overseas managed funds, including Standard Life Assurance Company, Sun Alliance Insurance Group, and others.

Table listing insurance and overseas managed funds, including British Equitable Assurance Co. Ltd., British Equitable Assurance Co. Ltd., and others.

Table listing insurance and overseas managed funds, including British Equitable Assurance Co. Ltd., British Equitable Assurance Co. Ltd., and others.

Table listing insurance and overseas managed funds, including British Equitable Assurance Co. Ltd., British Equitable Assurance Co. Ltd., and others.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including Floating Japan Fund S.A., Fidelity International, and others.

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NOTES: Prices are in pence unless otherwise indicated and these designated S with a prefix refer to U.S. dollars. Values are in U.S. dollars unless otherwise stated. Values are in U.S. dollars unless otherwise stated.

POSITIVE

That's BTR

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

LOANS—Continued

Table with columns: Stock, Price, % Change, etc. Includes entries like FT 100, FT 1000, etc.

BANKS & H.P.—Cont.

Table with columns: Stock, Price, % Change, etc. Includes entries like Bank of America, Citicorp, etc.

CHEMICALS, PLASTICS—Cont.

Table with columns: Stock, Price, % Change, etc. Includes entries like Dow Chemical, DuPont, etc.

ENGINEERING—Continued

Table with columns: Stock, Price, % Change, etc. Includes entries like IBM, General Electric, etc.

Table with columns: Stock, Price, % Change, etc. Includes entries like Borden, Campbell Soup, etc.

HOTELS AND CATERERS

Table with columns: Stock, Price, % Change, etc. Includes entries like Grand Hotels, Holiday Inns, etc.

INDUSTRIALS (Misc.)

Large table with columns: Stock, Price, % Change, etc. Includes entries like Alcoa, Boeing, Ford, etc.

BRITISH FUNDS

Shorts (Lives up to Five Years)

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

Five to Fifteen Years

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

Over Fifteen Years

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

Undated

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

Index-Linked & Variable Rate

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

CORPORATION LOANS

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

COMMONWEALTH AND AFRICAN LOANS

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

LOANS Public Bank and Ind.

Table with columns: Stock, Price, % Change, etc. Includes entries like British Funds, etc.

FOREIGN BONDS & RAILS

Table with columns: Stock, Price, % Change, etc. Includes entries like Foreign Bonds, etc.

AMERICANS

Table with columns: Stock, Price, % Change, etc. Includes entries like American Stocks, etc.

BEERS, WINES AND SPIRITS

Table with columns: Stock, Price, % Change, etc. Includes entries like Beers, Wines, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table with columns: Stock, Price, % Change, etc. Includes entries like Building Industry, etc.

CANADIANS

Table with columns: Stock, Price, % Change, etc. Includes entries like Canadian Stocks, etc.

BANKS AND HIRE PURCHASE

Table with columns: Stock, Price, % Change, etc. Includes entries like Banks, Hire Purchase, etc.

HIRE PURCHASE, etc.

Table with columns: Stock, Price, % Change, etc. Includes entries like Hire Purchase, etc.

DRAPERY AND STORES

Table with columns: Stock, Price, % Change, etc. Includes entries like Drapery and Stores, etc.

ELECTRICALS

Table with columns: Stock, Price, % Change, etc. Includes entries like Electricals, etc.

FOOD, GROCERIES, ETC.

Table with columns: Stock, Price, % Change, etc. Includes entries like Food, Groceries, etc.

CHEMICALS, PLASTICS

Table with columns: Stock, Price, % Change, etc. Includes entries like Chemicals, Plastics, etc.

ENGINEERING MACHINE TOOLS

Table with columns: Stock, Price, % Change, etc. Includes entries like Engineering Machine Tools, etc.

TRAIL BLAZERS



A major commitment by a company of international reputation. More positive proof that when it comes to deciding where best to relocate or expand, Clwyd takes some beating. For major companies like Kimberly-Clark, through to smaller businesses just starting out, Clwyd works day in, day out. In the last 4 years, over 200 companies have chosen Clwyd. We know why. For example, a highly skilled and trainable workforce, with an outstanding industrial relations record are as important as the new motorway and dual carriageway link to the national motorway network—15m consumers are just 2 lorry hours away. Above all, financial incentives equal to the highest available anywhere in mainland GB, are the key component in the Clwyd package. In helping you we promise positive attitudes, without red tape.

All the facts are in our colour brochure. For your copy, contact Wayne S. Morgan, County Industrial Officer, Clwyd County Council, Shire Hall, Mold, Clwyd. Tel. Mold (0352) 2121. Telex 61454.

Clwyd - at the peak of Welsh potential

INDUSTRIALS—Continued

Table of industrial stocks including various companies and their share prices.

LEISURE—Continued

Table of leisure-related stocks such as hotels, resorts, and entertainment companies.

PROPERTY—Continued

Table of real estate and property investment stocks.

INVESTMENT TRUSTS—Cont.

Table of investment trusts and funds.

OIL AND GAS—Continued

Table of oil and gas industry stocks.

NOMURA THE NOMURA SECURITIES CO., LTD. Logo and company information.

MINES—Continued

Table of mining stocks, categorized by region like Central African and Australian.

MOTORS, AIRCRAFT TRADES

Table of stocks in the motors and aircraft trades sector.

SHIPPING

Table of shipping and maritime industry stocks.

SHOES AND LEATHER

Table of stocks in the shoes and leather industry.

SOUTH AFRICANS

Table of South African stocks.

TEXTILES

Table of textile industry stocks.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks.

PAPER, PRINTING

Table of paper and printing industry stocks.

TOBACCOS

Table of tobacco industry stocks.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land investment stocks.

PROPERTY

Table of property investment stocks.

INSURANCE

Table of insurance company stocks.

LEISURE

Table of leisure-related stocks.

OVERSEAS TRADERS

Table of overseas trading company stocks.

RUBBERS AND SISALS

Table of rubber and sisal stocks.

TEAS

Table of tea industry stocks.

MINES

Table of mining stocks.

NOTES section containing various financial notes and market commentary.

REGIONAL AND IRISH STOCKS section with a table of regional and Irish stock prices.

OPTIONS section with a table of 3-month call rates and other options data.

OIL AND GAS

Table of oil and gas stocks.

Diamond and Platinum

Table of diamond and platinum stocks.



SCARGILL'S 'BREAK WITH PAST' CALL BACKED

Miners vote for tough line

BY JOHN LLOYD, LABOUR EDITOR

THE National Union of Mine-workers took a large step yesterday towards reshaping itself for an assault on the Government's gates...

The delegates responded by voting for a reorganisation of the various constituent bodies which make up the NUM...

The restructuring, already dormant policy contained in the union's Rule 7, was opposed by representatives of the smaller constituent bodies such as the white-collar section Cosa...

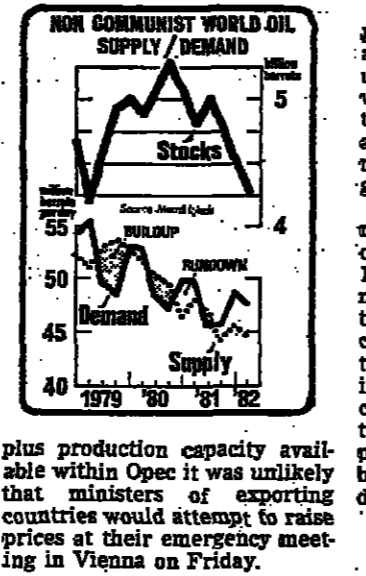
The effect of a successful restructuring would make the union more responsive to strong direction from the centre and increase the relative weight of big Left-led areas like Yorkshire, Scotland and South Wales...

Shell halts its oil destocking programme

BY RAY DAFTER

THE Royal Dutch/Shell Group, the world's second largest energy corporation, has called a halt to its programme for running down surplus oil stocks...

Shell will not say exactly how much oil it released on international markets, although it is known that group stock levels at the end of March stood at the equivalent of 71 days' supply...

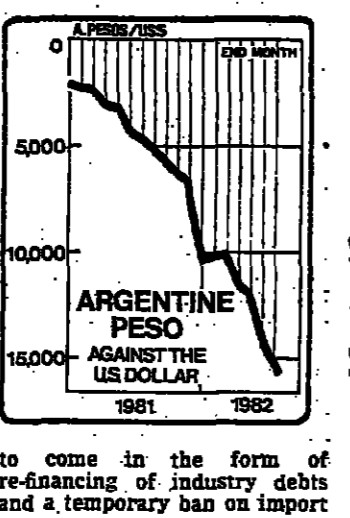


Sir Peter said he thought the present reference price of \$34 a barrel would be maintained until the mid 1980s. Prices would begin to rise again in real terms towards the late 1980s...

Argentine reflation package due today

BY JIMMY BURNS IN BUENOS AIRES

THE Argentine Government was putting the final touches yesterday to a major reflationary economic package aimed at easing social and political pressures building up around the military regime...



of goods produced locally. Banks, exchange houses, and the stock exchange ceased trading for 24 hours from yesterday morning under instructions from the Economy Ministry...

The usually well-informed business daily Ambito Financiero predicted that the commercial rate would be fixed at about 22,000 pesos to the dollar...

High technology drive 'disappoints'

BY TIM DICKSON

THE CALIFORNIAN "venture capitalists" hired by the National Enterprise Board more than 18 months ago to seek out new high technology businesses in the mo. depressed areas of England claims the project is not going well...

high-technology products already launched successfully in the U.S. Twenty months from its formation, the £2m fund has committed a little over £1m, of which £900,000 for five projects has been taken up...

Continued from Page 1 British Telecom prices

as 16 per cent—the biggest reduction proposed—and would follow cuts of up to 33 per cent introduced last May.

for domestic subscribers who make few telephone calls. The scheme would benefit about 2m customers.

- Main BT proposals:
• Unit charge for dialled local calls and some trunk calls to rise 0.2p to 4.5p.
• Charges for direct-dialled international calls to be cut by between 1.9 per cent and 16.3 per cent.

Sir George Jefferson, BT's chairman, said that he believed that the 3.3 per cent average increase was modest. The package continued BT's policy of making regular increases rather than infrequent big ones.

Continued from Page 1 OECD call to U.S.

on oil and petrol and more rapid decontrol of natural gas prices allied to a well-head or windfall profits tax. Another possibility would be cutting tax expenditures in areas of little economic efficiency...

The OECD welcomes the general incentive effect of the administration's tax cuts but questions the logic of directing most of the cuts towards individuals rather than businesses.

More funds sought for ECGD over Falklands

By Peter Riddell and Paul Chesterlight

THE TREASURY is seeking Parliamentary approval for extra money for the Export Credit Guarantee Department to finance additional claims likely to arise from business losses in Argentina...

THE LEX COLUMN No builders yet on M2

Index rose 5.4 to 548.4

The gilt-edged market was firm yesterday, enabling the Government Broker to supply his short tap, and the equity market rallied, although it remains below 550 on the FT 30-Share Index...

On the more general monetary front, the Bank declares ex cathedra that the scale of money market arbitrage—the "round-tripping" that inflated the money figures over the winter—has been greatly exaggerated...

UDS is certainly a target of sorts, floundering about with its share price near a 51-year low, which leaves it capitalised at only 30 per cent of the £30m current cost net worth.

On the more general monetary front, the Bank declares ex cathedra that the scale of money market arbitrage—the "round-tripping" that inflated the money figures over the winter—has been greatly exaggerated...

SGB was one of the last companies in the UK construction sector to fall prey to recession and, judging from yesterday's figures for the half year to March, is still in the thick of it. Profits have risen 4 per cent to £5.2m pre-tax but the contribution of the UK activities has dropped by a third to £2.5m.

The main cost of the Falklands operation will naturally fall on the Ministry of Defence's budget. While the total of £500m was provisionally being estimated up to early June, a more precise figure will not be known for some time and is likely to appear in the winter supplementaries in November.

In addition to the defence provisions, there are likely to be several changes to the export credit programme. Yesterday's supplementaries, for example, include an extra £2.1m for a payment to the special war risks fund covering losses and damage in merchant vessels because of war and other hostilities.

The new aggregate is that it only covers the banking system, and many deposits with building societies are in practice transaction balances. The Bank promises to do something about this, but it will have an enormous problem in deciding what the economic purpose of a building society share account is...

The balance of the funds sought for ECGD cover:
• £40m to meet guarantee of a C\$87m (£67.5m) convertible preferred share issue made by Massey-Ferguson...

Continuing financial trouble forced the group in May to drop the dividend on all its preferred stock.
• £75m to met extra costs on foreign currency fixed term export credits used to finance capital business.

Falklands inquiry difficulties overcome. Page 10

WHO MOVED TO MILTON KEYNES THIS WEEK? "I did."

Weather UK TODAY HAZY sunshine generally but showers in North. S. and E. England, Midlands and S. Wales. Dry with hazy sunshine. Max 20C (68F).

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